The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan Plans "Seizure" of Northern Customs---Will Reduce Rates, Restore Foreign Control

OTHER ARTICLES IN THIS ISSUE

Military Control Necessary for Japan's Economic Program in North China

Nanking Denies Intention to Recognize "Manchukuo"; Communists Threaten Kweichow Capital

Germans Sold More Than British Did in China Last Year

Okada Cabinet to Resign After Elections

A.O.F.C. Used Bucket-Shop Methods, J. W. Brown Admits, in Cross-Examination; Then Denies

North China Universities Reported Moving to Hunan Province

(By the Review's Hankow Correspondent)

Will the U.S.S.R. Support Outer Mongolia?

(By the Review's Harbin Correspondent)

Some of the Reasons Why I Failed to Secure a Government Post . . . . . By T. S. Young

Japan Quits the London Naval Conference . By C. Y. Hsieh

The Yushan-Nanchang Railway and the New Kiangsi Line . . . . . By Richard L. Jen

What the Chinese Masses Think of the Sino-Japanese Conference in Nanking . . . By C. Y. W. Meng

Mortgage Law and the Shanghai Land Problem By Anna Ginsbourg

SATURDAY, FEBRUARY 1, 1936 VOLUME 75, NUMBER 9

FORTY CENTS A COPY

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.15	PUKOW	1.20	1.40
16.54	16.57	LINHUAIKWAN	5.44	5.47
16.04	16.19	PENGPU	6.23	6.38
13.55	14.00	NANHSUCHOW	8.42	8.47
11.41	12.11	HSUCHOWFU	10.35	11.05
9.58	10.10	LINCHENG	12.50	13.05
9.10	9.13	TENGHSIEN	13.57	14.00
7.35	7.50	YENCHOWFU	15.27	15.47
7.12	7.14	CHUFOU	16.12	16.14
5.33	5.43	TAIANFU	18.00	18.15
3.03	3.33	TSINANFU	20.15	20.45
1.41	1.49	YUCHENGHSIEN	22.05	22.15
0.08	0.20	TECHOW	23.55	0.25
22.28	22.36	POTOUCHEN	2.12	2.22
21.29	21.39	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	6.55
17.59	18.20	TIENTSIN (E)	7.05	7.30
—	15.05	PEIPING	10.24	—

PEIPING-HANKOW RAILWAY.

14.05	PEIPING	22.00
13.27	CHANGSINTIEN	22.48
9.54	PAOTUNG	2.23
5.50	SHIHCHIACHWANG	6.28
2.19	SHUNTEH	10.01
19.27	SINSIANG	16.45
16.43	CHENGCHOW	19.26
13.59	HSUCHOW	22.08
12.16	YENCHENG	23.51
9.58	CHUMATIEN	2.34
6.10	SINYANG	6.01
3.36	KWANGSHUI	8.36
22.45	KIANG AN	13.15
22.30	HANKOW (Tachimen)	13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.36	—	HSICHIMEN	—	16.48
8.06	8.16	NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO	19.58	—

LUNGHAI RAILWAY.

5.15	—	HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.23
9.30	9.55	SHANCHOW	18.30	18.55
—	6.10	TUNGKWAN	22.15	—

KIAOTSI RAILWAY.

7.35	—	TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
28.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU	6.30	—

CHENGTAI RAILWAY.

19.42	—	SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.48	14.50	SHOUYANGHSIEN	13.50	13.52
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku. Through Express R.
ZAHKOU	d.	8.30	17.25	SHANGHAI, N.	d.	8.35	15.00
HANGCHOW	d.	8.47	17.42	JESSFIELD	d.	8.51	15.16
CHANGAN	d.	9.40	18.43	SICCAWEI	d.	—	—
YEHZAH	d.	10.11	19.14	SHANGHAI, S.	d.	8.40	—
KASHING	d.	10.42	19.45	SUNGKIANG	d.	9.36	15.56
KASHAI	d.	—	20.13	KASHAI	d.	10.23	—
SUNGKIANG	d.	11.45	20.52	KASHING	d.	10.44	16.58
SHANGHAI, S.	a.	—	21.55	YEHZAH	d.	11.18	17.32
SICCAWEI	d.	—	—	CHANGAN	d.	11.46	18.00
JESSFIELD	d.	12.32	21.47	HANGCHOW	d.	12.36	18.50
SHANGHAI, N.	a.	12.45	22.00	ZAHKOU	a.	13.05	19.15

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.20	16.00	23.00	NANKING	d.	8.20	17.05	23.00	24.00
SOOCHOW	d.	9.27	14.47	17.51	0.57	CHINKIANG	d.	9.36	18.20	0.49	1.40
WUSIH	d.	10.17	15.36	18.46	1.57	TANYANG	d.	10.18	18.59	1.45	2.33
CHANGCHOW	d.	11.01	16.21	19.39	2.53	CHANGCHOW	d.	11.03	19.44	2.50	3.32
TANYANG	d.	11.51	17.11	20.33	4.13	WUSIH	d.	11.49	20.30	3.52	4.32
CHINKIANG	d.	12.30	17.45	21.18	5.00	SOOCHOW	d.	12.36	21.17	4.55	5.34
NANKING	a.	13.50	19.15	22.50	7.00	SHANGHAI, N.	a.	14.15	22.50	7.00	7.40

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.
2. For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—

   1st class passenger — 80 kilogrammes (142 catties)
   2nd class passenger — 60 Kilogrammes (100.5 catties)
   3rd class passenger — 40 Kilogrammes (67 catties)

   Half of these quantities will be allowed on each child's half ticket of each class respectively.
3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.
4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

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Contents

Editorial Paragraphs

Germans Sold More Than British Did in China Last Year 291
America Continues to Pay for the World War..... 292
Japan Plans "Seizure" of Northern Customs—Will Reduce Rates, Restore Foreign Control..... 292
Military Control Necessary for Japan's Economic Program in North..... 294

Special Articles

Nanking Denies Intention to Recognize "Manchukuo"; Communists Threaten Kweichow Capital 297
Okada Cabinet to Resign After Elections..... 301
A.O.F.C. Used Bucket-Shop Methods, J. W. Brown Admits, in Cross-Examination; Then Denies... 303
Will the U.S.S.R. Support Outer Mongolia? 305
Japan Quits the London Naval Conference..... By C. Y. Hsieh 307
Mortgage Law and the Shanghai Land Problem ..... By Anna Ginsbourg 308
What the Chinese Masses Think of the Sino-Japanese Conference in Nanking ..... By C. Y. W. Meng 310
Some of the Reasons Why I Failed to Secure a Government Post.....By T. S. Young 312
North China Universities Reported Moving to Hunan Province 313
The Yushan-Nanchang Railway and the New Kiangsi Line.....By Richard L. Jen 314
A Forest Project in Fukien..... By George Warren Hinman 316
Progress of Reconstruction in China...By S. Y. Chi 318
Russia Has Secured Domination Over the Province of Sinkiang.....By Peter Fleming 320
Who's Who in China..... 321
Men and Events 322
New Books of Interest in the Far East..... 324

CONTENTS OF PREVIOUS ISSUES OF THE CHINA WEEKLY REVIEW MAY BE FOUND IN THE "INTERNATIONAL INDEX TO PERIODICALS," COPIES OF WHICH ARE ON FILE IN MOST STANDARD LIBRARIES.

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GERMANS SOLD MORE THAN BRITISH DID IN CHINA LAST YEAR

WHEN the World War broke out in 1914 one of the facts brought to light was that the Germans were doing a better job of pushing the Manchester piece goods trade in China than the British themselves were doing. This was an added reason for resentment against the Kaiser's subjects. The intensity of feeling against the Germans at that time was marked by the remarkable incident of a British insurance man in Shanghai being fined by a British magistrate for violating the spirit of the Trading with the Enemy Act, the heinous offence that he had committed being that in a letter to his German agents in Hankow recording that relations, under the circumstances, had to be severed, he had suggested in a polite phrase that he hoped these relations might be renewed after the war had come to an end. But the Germans in China last year have had their revenge against the British so far as trade in this country is concerned. Statistics published by the Maritime Customs last week showed that the sales of German goods in China during 1935 exceeded those from Britain, this being the first time in history that such a thing has occurred. The figures of imports to China are: From Germany, $103,385,000 (11.09 per cent of total); from Great Britain $98,232,000 (10.48 per cent of total). The huge progress made by the Germans in one year may be judged from the figures for 1934: Great Britain, $124,647,000; Germany, $93,389,000. But the British are by no means the only ones to suffer from the onslaughts of their chief competitors. In the case of the United States, the imports into China dropped from $271,732,000 (26.16 per cent of the total) in 1934 to $174,930,000 (18.93 per cent of the total) in 1935. As against this the imports from Japan rose from $126,886,000 in 1934 to $139,593,000 in 1935. It will thus be seen that Japan's increase has been comparatively smaller than America's drop. America is still ahead of Japan, but the declines took place in the latter part of the year and there are indications that the Japanese increase and American decline may continue during the present year. And now Germany and Japan are on the point of forming an alliance.

AMERICA CONTINUES TO PAY FOR THE WORLD WAR

ONE cannot say with the poet that distance lends enchantment to the view as one turns one's thoughts to conditions in the United States at the present time. On the contrary it is probable that Americans in China on the whole have a better perspective of what is happening than most of those in the country themselves have, and those among them who are brave enough to express their thoughts are inclined to be critical. There are many Americans in China who will be glad that the Veterans' Bonus Bill has passed, as there is a fair precentage of American veterans resident in this country. But in view of the fact that the bill will add considerably more than a billion dollars to the already huge debt of the United States and, having in mind that the greater part of the veterans who will receive the money never even got a scratch, it is a matter to be deprecated that the plain common sense of President Roosevelt has been overriden. The member of Congress from Pennsylvania who impassionately asked his fellow Congressmen if they realized what they were doing, incidentally remarking that if the individual Congressmen were as solicitous of their country as they were about holding their jobs they would never think of imposing on the country a debt which inevitably would in the end have to be repudiated, deserves a gold medal. Just as the Republicans in 1930 brought the country to economic ruin by imposing the Ford ney-McCumber high-tariff act, so the Democrats by passing this bonus bill will bring the country to the brink of financial ruin. The impelling motive of the individual Congressmen in both instances was the same—they were afraid to displease their local constituents; they had their eyes on their chances of re-election rather than on the welfare of the country. There is, however, a certain amount of poetic justice in the fact that the war veterans have been able to wield such a strong voice in the country. It is a just punishment for the hysteria which overran the country during the war years and caused the average American, from preacher to plutocrat, to lose all sense of proportion. America is certainly paying for the World War with a vengeance.

Japan Plans "Seizure" of Northern Customs—Will Reduce Rates, Restore Foreign Control

(EDITORIAL CORRESPONDENCE FROM TIENTSIN)

WHEN Sir Frederick Maze, Inspector-General of Customs, warned the Commissioner of Customs at Tientsin (*Reuters*, Jan. 20) that attempts to interfere with the Customs Administration or retain revenues would adversely affect the indemnity and loan services and would cause general confusion and uncertainty with respect to China's foreign trade, he undoubtedly must have been in possession of information of a disturbing nature which is now a subject of common conversation in North China. Recent developments have eliminated all doubt as to the scheme of the Japanese Army to return China's Customs Administration, in North China at least, to the position which prevailed prior to 1929.

The actual "seizure" of course will not be done by the Japanese directly: it will be done by their puppets, beginning probably with Yin Ju-keng's East Hopei Anti-Communist Autonomous "government" which functions within the so-called Demilitarized Zone in northern Hopei. Rumors are in circulation in Tientsin that Yin Ju-keng has issued an ultimatum to the Commissioner of Customs, demanding that a considerable portion of the Tientsin customs revenues be handed over to his "government," and that this was the real reason for Sir Frederick Maze's "warning" of Jan. 20. As no official statement had been issued at the time of writing these paragraphs it was impossible to obtain verification, but, as stated, it was a matter of common talk in Tientsin. It was argued that since Yin Ju-keng, with Japanese military backing, had used this method in forcing the Peiping-Mukden Railway Administration to hand over the sum of $100,000, it was but natural he would follow a similar course with respect to the Customs revenues. And in the event Nanking should fail to agree, Yin would take direct action by seizing control of the collection agencies at Shanhaikwan, Chinwantao, Tangku-Taku (port of Tientsin) and elsewhere. Rumor had it that the seizure probably would take place early in February.

For those who are watching this situation, an important element to keep in mind is the fact that the highest foreign customs official in North China already is a Japanese, Y. Akatani by name, who was appointed sometime ago as Administrative Commissioner of Customs with a rank next to that of the Commissioner and above that of the Deputy Commissioner. The deputy commissioner at Tientsin, who ranks below Mr. Akatani, is E. J. Ohrnderger who is of European nationality. The Commissioner at Tientsin, appointed several months ago, is Lin Shih-tse, who succeeded Han Lin-shen. It is not intended here to suggest that Mr. Akatani, long a civil service employe of the Chinese Customs Administration, might not be loyal in carrying out the orders of the Head Office in Shanghai. He might wish to be loyal, but obviously would not be able to disobey the orders of the Imperial Japanese Army in the event seizure of the Customs Administration was decided upon. The situation, in many respects, would be similar to that which prevailed in Manchuria in the fall of 1931 when the Japanese army occupied that territory and later created the puppet state of Manchukuo. The foreign, that is European, staff members, were simply locked out of their offices, and the Japanese customs officials, always promi-

nent in the Manchurian administration, continued to function, acting nominally as the employes of the puppet state of Manchukuo. In the event of seizure in North China the puppet adminstrations with Japanese backing will simply oust the Nanking appointees, that is Chinese and Europeans, leaving the Japanese in charge with the Japanese Army issuing the orders in the background.

There is much evidence, circumstantial and actual, of Japan's intentions: The semi-official *Domei* news service, in the course of a report dealing with a smuggling incident at Peitaiho (near Chinwantao,) declared that since smuggling is caused by the high Chinese tariff duties, "the authorities of the Autonomous Council (East Hopei) hold that it is essential to introduce a new tariff which will completely *halve* the smuggling." Continuing, the report quoted from an article which appeared in the leading Japanese newspaper in Tientsin, the *Keishin* (Peiping-Tientsin) *Nichi-Nichi-Shimbun*, on Jan. 17, stating that the Japanese authorities were devising measures to check smuggling along the coast of the East Hopei Anti-Communist Autonomous Government, inasmuch as it (smuggling) contravened Japan's policy to create a clear atmosphere in North China . . . Therefore the Japanese authorities were expected to make the necessary arrangements with the authorities of the East Hopei Anti-Communist Autonomous Government for this purpose."

The same paper, on Jan. 22, declared in the course of a long editorial dealing with Japan's plans for economic development in North China, that China's customs duties would have to be revised and that the old system of foreign control (tariff by agreement) would have to be re-established.

Early in the present month there was a clash between Japanese smugglers and Chinese police (accompanied by Japanese "advisers") at Peitaiho that was one of the most bizarre incidents which has occurred since the creation of Yin Ju-keng's comic-opera administration. According to the account in the *Tientsin Nippo*, some 20 Chinese police, led by a number of Japanese "advisers" armed with short-swords, seized two Japanese boats, the Kaiyo Maru and Kiho Maru, both loaded with sugar and artificial silk valued at Yen 93,000. In making the seizure the police used another Japanese boat, the Seikai Maru, which they had seized a few days earlier. After firing on the smugglers with rifles and machine guns, the boats were boarded, following which (*Domei* translation) the Chinese police, Japanese advisers and Japanese smugglers entertained themselves by drinking Japanese sake and whisky which was part of the cargo. When they reached Peitaiho beach, a short distance from Chinwangtao, the cargo was unloaded and the smugglers ordered to take their boats back to Dairen. Instead, however, the smugglers came to Tientsin and formally petitioned Shigeru Kawagoe, Japanese Consul-General, to assist them in recovering possession of their cargo. They charged that the seizure was an act of piracy and called attention to the fact that six of the smugglers had been wounded by the Japanese "advisers" who had helped the police of the Demilitarized Zone in effecting the capture. As a result of this petition the Japanese Consul-General warned Yin Ju-keng that the wounding of the smugglers, seizure of the merchandise and searching of the Japanese subjects was an infringement of Japan's exterritorial rights. He demanded a cessation of such acts and reserved the right to claim an indemnity for damages suffered by the smugglers, together with punishment of those responsible. In the meantime the Japanese "advisers" who had helped the Chinese police had disappeared. The account in the Japanese newspaper alleged that the Japanese advisers had worn masks while participating in the capture of the smugglers' boats, hence could not be recognized.

That Japanese smuggling from Dairen and Manchukuo since 1931 has practically demoralized the Chinese Customs Administration is an open secret. To go still further back it is correct to say that Japan was not in sympathy with the granting of tariff autonomy, initiated by the United States and Great Britain, in 1929. But it was not until after the seizure of the Manchurian provinces that the Japanese began to encourage their nationals to engage in the smuggling trade from Dairen and Manchukuo, operating entire fleets to small boats for this purpose. In South China a similar officially condoned, if not actually encouraged, smuggling trade developed between the Japanese colony of Formosa and the nearby Chinese mainland of Fukien and Kwangtung Provinces, culminating in serious international complications at Swatow a few weeks ago. The situation in the North, however, has been more serious because of the complicating political elements. While the Japanese Navy frequently intervened to protect Japanese and Formosan smugglers in South China waters, the situation in the North has been worse because here the Japanese military authorities openly used the smugglers to disorganize and break down Chinese resistence to Japanese aggression. This has been particularly true with respect to the smuggling of silver and opium over the land border between North China and Manchukuo, the Japanese using the Demilitarized Zone as a base for this trade. But for present purposes we are concerned chiefly with the smuggling between Dairen and the Manchurian ports and the ports of North China. The Japanese military authorities frequently interfered with the normal workings of the Chinese Maritime Customs at Shanhaikwan, Chinwangtao and even at Tientsin. Sometime ago the Japanese invoked the so-called Tangku Truce in aid of the Japanese and Korean smuggling fraternity. The Tangku Truce, which demilitarized some 22 hsiens or counties of northern Hopei Province, contained a clause preventing Chinese armed forces from approaching the borders or entering the Zone. Recently the Japanese military authorities at Tientsin ruled that the Tangku Truce, signed at the conclusion of Sino-Japanese hostilities on May 31, 1933, also applied along the seacoast, in consequence of which, the Chinese Maritime Customs was prevented from using its armed

launches and cutters in chasing Japanese smugglers along the Chinese coast. This meant that the Customs smuggling prevention fleet was prohibited from bringing its armed vessels into such Chinese ports as Shanhaikwan, Chinwangtao or even Tientsin, not to mention the innumerable smaller bays and inlets used by the smugglers. The Japanese actually insisted that no Chinese Customs vessel could enter many of these northern ports unless it removed its arms and to make the situation still worse, finally ruled that the Chinese Customs could not operate its armed boats within the three-mile zone along the entire coastline from Tientsin to Shanhaikwan. And since the Japanese Navy would not permit the Chinese to use their Customs boats outside the 3-mile limit in the Gulf of Chihli, it meant that the Chinese coast protection service was completely paralyzed, leaving all the ports open to smugglers. Then finally came the final blow: The Japanese ruled that the regulations of the Demilitarized Zone prohibited Chinese customs guards at Shanhaikwan, Chinwangtao and other frontier points from carrying arms of any character. Thus was the northern China coast made 100-percent safe for Japanese smugglers, so safe in fact that legitimate Japanese merchants at Tientsin raised an outcry that their businesses were being ruined by cheap Japanese goods smuggled in through Shanhaikwan and Chinwangtao and then shipped to Tientsin over the Peiping-Mukden Railway. And in addition to the smuggling by means of boats a veritable army of Koreans was engaged in carrying artificial silk over the land border through the Wall pass at Shanhaikwan into Chinese territory and then smuggling silver from North China into Manchukuo on the return journey. In order that there should be no interference whatever with this illicit trade the Japanese consular officials issued orders prohibiting the Chinese authorities from searching Japanese subjects at any Chinese ports on the ground that this constituted a violation of Japanese exterritorial "rights".

That the Japanese Government could stop this business was demonstrated early in November when it did issue orders prohibiting the smuggling of silver over the Manchukuo border. After the order went out the hordes of Japanese ronin and Korean smugglers who previously had packed the third class compartments of the Peiping-Mukden trains disappeared and not another ounce of silver was smuggled over the border. The reason for the sudden change of policy on the silver smuggling issue apparently was due to the desire of the Japanese army to keep the silver in North China as a phase of its plans in connection with the "autonomy" movements in the northern Chinese provinces.

The Japanese have thus cleared the stage for the final act in the drama—or tragedy—involving the break-up of the Chinese Maritime Customs Administration in North China and the total elimination of Chinese tariff autonomy in that section. When action will be taken is not known, but as indicated in the foregoing, it is rumored in Tientsin that action will be taken early in February.

Military Control Necessary for Japan's Economic Program in North China

MUCH has appeared in *The Review* and other publications in China and abroad about Imperial Japan's economic program in North China. There have been articles about the recently formed "Kochu Kungssu," a Japanese holding company financed by the South Manchuria Railway, the Manchukuo Government and the Mitsui-Mitsubishi groups of capitalists which will foster Japanese railway, mining and industrial enterprises, about the scheme of the Japanese army to compel Chinese farmers, under military-police supervision, to grow types of cotton suitable only for Osaka mills and without regard for China's agricultural and economic requirements, about the recent opening of a special office in Tientsin by the Japanese Government-controlled and operated South Manchuria Railway which will ultimately take over the management of all railways in North China beginning with the (already controlled) Peiping-Mukden and Peiping-Suiyuan lines and ultimately extending its influence to the Tientsin-Pukow and Tsinan-Tsingtao lines. The extensive nature of these schemes is indicated by the activities of the so-called "Kochu Kungssu" organization which has its head office in Dairen and has already opened branch offices in Shanghai, Tientsin and Tokyo with others scheduled shortly for Nanking and Hongkong.

While there still is considerable confusion among the Japanese leaders as to what they intend to do in North China, there is one definite element and that is the domination of the Imperial Japanese army there—as was and still is the case in Manchuria. For this reason there is now a strong propaganda in Tokyo for a greatly increased Japanese force stationed permanently in North China. At present the Japanese have between 2,000 and 3,000 soldiers south of the Great Wall, stationed along the Peiping-Mukden Railway from Shanhaikwan to Tientsin and Peiping and within the Demilitarized Zone. Those stationed along the railway have a legal status under the Boxer Protocol of 1900 which gave the Powers, including Japan, the right to station troops along the railway for the purpose of keeping the route open to the sea. The Powers also have the right to maintain Embassy Guards within the Diplomatic Quarter in Peiping. But in addition to the forces which Japan maintains along the railway and within her Embassy premises, a further force of considerable (but unknown) strength recently was brought into the Demilitarized Zone

embracing some 20 hsiens or counties of northern Hopei. A few days ago (January 21) the *North China Star*, American paper in Tientsin, published a report of a mysterious warning, supposedly issued by the Tientsin Municipal government, prohibiting foreigners from visiting a number of districts of the East Hopei Anti-Communist Autonomous Government. The reason was not stated but it was rumored in Tientsin that important military developments were taking place in the prohibited areas. The soldiers which the Japanese have brought into the Zone belong to the so-called Kwantung branch of the Imperial Army which dominates Manchukuo and this, according to report, has led to considerable friction with the forces stationed in North China under the Boxer Protocol which belong to another command and have different status. How this will be worked out in future is not known but the Japanese military authorities are determined to greatly increase the strength of the forces in North China, but it apparently has not been settled whether they will be under the Kwantung army's command or otherwise. An article in the *Jiji Shimpo* (Tokyo) on Jan. 10 stated that Lieutenant-Colonel Akira Muto, sectional staff officer of the War Office Bureau of Military Affairs, who recently investigated the matter, had recommended the expansion of the North China Garrison to a full Mixed Brigade. He also recommended further increases and a reorganization of the Kwantung Army due to the growing seriousness of the crisis with Outer-Mongolia and the Soviet Union. Owing to the significance of this development Chinese leaders both within and without the Government should be interested in the following extract from Col. Muto's report:

> "Since, consequent upon the North China autonomy movement, two political regimes namely, the East Hopei Anti-Communist Autonomous Government and the Hopei-Chahar Political Council, have emerged, the Japanese authorities, which are prevented by circumstances from general cooperation with the Nanking Government, have no other course open than to cooperate with these two newly-established regimes in order to meet the new situation. Especially with regard to the prevention of bolshevisation in North China, the Japanese military in China looks forward to the results of efforts on the part of the two new bodies. So far as concerns anti-Communist measures, cooperation of the Japanese military would be necessary and eventually a military agreement is likely to be concluded for the prevention of bolshevisation. For this reason it is found necessary to increase the strength of the Japanese North China Garrison in order to expand it to a force similar to the Formosan Army headquarters, so that at least a mixed brigade strength would be obtained with a Lieutenant-General of the senior class in command."

Chinese obviously should be interested in the fact that the Tokyo War Office is planning to give North China a military status similar to that of her colony of Formosa, an eloquent testimonial of militant Japan's contempt for any Chinese force which General Chiang Kai-shek and the other military leaders of China might bring into this area!

Chinese leaders also should be interested in the report of Colonel Sei-ichi Kita, Chief of the Chinese section of the Tokyo General Staff office, who also made a close investigation of conditions in North China. Col. Kita's report, published in full in the Tokyo *Diamond*, started out with the usual platitudes about the necessity of "delivering China's oppressed agrarian population from heavy unjust taxation and military domination." This had made it necessary for the Japanese army to raise the issue of the "autonomy" movements. Japan had to act quickly in order to prevent Nanking from draining all silver stocks from North China. Therefore Japan had warned Gen. Chiang Kai-shek and ordered him to grant a "certain kind of autonomy" in the North. But Gen. Chiang's remark that the Japanese military was "exciting" the autonomy movement proved that the Nanking Generalissimo was not familiar with conditions in the North himself. It also was amusing to hear Leith-Ross the British economist and financier discuss conditions in this section of China after he had only been there a week. Then came the Yin Ju-keng autonomy declaration and Gen. Sung Chieh-yuan's statement . . . if the Nanking Government will grant the rights of diplomacy and administration to the person who holds overwhelming power in North China "with the view of permitting him to inaugurate economic cooperation among Japan, Manchukuo and China, this will serve and satisfy the Chinese agrarian population." Chinese militarists in North China also realize that unless they rely on Japan they cannot bring about "real peace" in their provinces.

The following is a summary of the final paragraphs of Col. Kita's official report:

> "When autonomy has been realized in North China, Japan will be able to inaugurate economic development there, but this does not mean that Japan would obtain a one-sided profit . . . As to transportation facilities there is only one railway line . . . a good result would be obtained if Japan helped China build motor roads and also helped China restore the vast salt fields which have been ruined through neglect . . . also there exists resources such as coal and iron in the interior provinces.
>
> "But first the political situation must be stabilized . . . so long as the present set-up continues any help which Japan might extend would be useless because Nanking at any time could deal with it of its own accord . . . Besides it would be necessary to obtain Nanking's sanction, and Nanking is pro-western . . . But if the North China authorities obtain autonomy their influence would become definite and reliable . . . Japan should therefore refrain from careless actions.
>
> "First Japan should politically settle the railway question and than revise the present anti-Japanese tariff of the Nanking Government . . . Since China's communist armies have now amalgamated and are advancing toward the Northeast, it is feared they may soon come into North China . . . therefore as they intend to destroy the present system in North China with a view to developing sovietized communities . . . it goes without saying they have the supported the Soviet Government . . . which explains why Japan has a special concern with the movements of the communist armies as well as with the autonomous movements in North China . . . "

Shortly following the publication of Col. Kita's report the *Kokumin Shimbun* (Tokyo) published a report that the War Office had decided to "tighten" its attitude and in this connection would enforce a number of measures in North China:

1—Japanese instructors to be employed in Chinese schools, particularly military schools, but Japanese instructors should be engaged in all schools where Chinese students are drilled in order to cultivate among the students the thought of Sino-Japanese cooperation.

2—Since Japan's political negotiations with Chinese warlords in the past have been productive of little results, future negotiation should not be confined to such warlords, but men of actual power should be chosen for Japan's support, thus enabling such leaders to work for harmony in Sino-Japanese diplomacy.

3—In North China the Japanese army should compel a merger of the Hopei-Chahar Political Council and the East Hopei Anti-Communist Autonomous Government into one organization and then arrange cooperation with the Imperial Japanese Army in joint defense against communism.

Then, finally, there was the report in the *Nichi-Nichi Shimbun*, on January 14 of the conversation between Seigo Nakano, formerly a leading member of the *Kokumin Domei* party in the Japanese Diet, and Gen. Chiang Kai-shek at Nanking wherein Mr. Nakano was quoted as advising Gen. Chiang to the following effect: The Central Government of China must realize and recognize present conditions in Japan and promote a Sino-Japanese economic union based on the principal of co-existence and co-prosperity. Unless this is done the power of expanding Japan will advance and advance. Unless the Central Government of China takes positive measures for such a union and liquidates the disturbances in North China and nearby areas, the expanding power of Japan cannot be restrained. If China's armament has not yet reached the stage where it cannot be used for foreign war, what do you say to concluding an offensive and defensive alliance with Japan? Japan would guarantee against invasion of non-Asiatic influence. As to promotion of indusries, Japan would take the initiative with China assisting her from behind. And together with conclusion of an offensive and defensive alliance, has China not any intention of advancing to conclude an economic alliance in Asia with Japan?"

SCOPE OF JAPAN'S NORTH CHINA ECONOMIC PROGRAM

THE leading Japanese newspaper in Tientsin, the *Keishin Nichi-Nichi Shimbun*, on Jan. 21 stated that as an initial step in the formation of an economic bloc by Japan, Manchukuo and North China, the Tokyo Foreign Office was prepared to open direct negotiations with the local officials in he North. The object of the negotiations would be to facilitate economic development of North China and reach a settlement on such outstanding questions as the exploitation of the Lungkow-Chefoo iron mines, the construction of a railway between Tsangchow and Shihchiachuang as a Sino-Japanese enterprise and an extension of the Chiaochow-Tsinan Railway. The Japanese paper then said that the mere investment of Japanese capital could not reach the desired goal of economic development; that an inevitable condition to the success of economic cooperation would involve an improvement in the economic life of the Chinese people in North China. The Japanese program would be along the following lines:

(1) Improvement of agricultural products under Japanese technical guidance with a view to a profitable exchange of Chinese agricultural products for Japanese manufactured articles.

(2) Exploitation of mines in North China with Japanese technical and financial aid.

(3) Development of communications and the transportation system in North China with Japanese assistance—capital and technical advice.

(4) Establishment of organs for the promotion of Sino-Japanese trade in order to have closer contact between traders of the two countries.

(5) Revision of the customs tariff, and restoration of the system of tariff by agreement.

The Japanese Foreign Office, continues the paper, is also prepared to revise the budget for cultural enterprises in China. The annual budget of Yen 6,000,000 for this purpose will be increased by Yen 1,000,000 in order to cover expenses necessary for promoting plans for revival of rural districts in the North. With Japanese financial and technical assistance, the purchasing power of the people may be increased and the adverse trade balance in the North may be remedied, thus facilitating economic co-operation.

The paper also says:—

As a practical measure, an improved method in the cultivation of cotton will be promoted. The cotton production of North China is in no way satisfactory, though it is regarded as a cotton production area. The cotton produced in the North is inferior to Indian cotton. Measures will also be taken to obtain a better and improved system of production of wool for the requirements of Japanese industry. The Foreign Office will, after consultations with the Ministry of Agriculture and Forestry, establish agricultural experimental stations in Tientsin and other convenient areas, where Japanese agricultural experts will give assistance.

Plans for rural revival include promotion of pasturage enterprises, handicraft industry, a scientific control of quipment, financial activities and consumption promotion of rural education. North China agriculture must have close relations with Japanese industry, particularly in the supply of raw materials for Japan.

Only insufficient work has been done in the survey and exploitation of mines, and Japanese technical assistance and capital are urgently required. Iron and oil are not so rich as the coal resources, and a very profitable enterprise is expected if Japanese help is available. Japanese financiers and capitalists must be firmly convinced of the rich mining resources and encouraged to invest capital for national interests.

The construction of the Tsang-Shin Railway and other lines is necessary in the development of the mining resources. This will also enable good communications between the coast and the interior and present a convenient outlet for native products.

For the purpose of obtaining all-round co-operation, it is proposed to form such organs as American-Japanese and Anglo-Japanese trade advisory councils.

It is hoped that the high tariff rates, which are detrimental to Japanese trade, may be abolishhed or revised, and a new Sino-Japanese tariff agreement may be concluded with the North China authorities, regardless of the authority of the Central Government.

Cooperation Between East Hopei Regime and Manchukuo Promised

A Peiping message to the Tokyo *Asahi* Jan. 8 stated that Chuichi Ohashi, Manchukuo Vice-Minister of Foreign Affairs, saw Ying Ju-keng, Commissioner of the East Hopei Autonomous Government, when Mr. Ying expressed the wish that friendly relations would be established between Manchukuo and the new regime. Proposals of a considerably concrete nature were said to have been made by Mr. Ying at said interview with a view to securing close co-operation between the two Governments. Mr. Ohashi promised to give the matter his consideration.

Nanking Denies Intention to Recognize "Manchukuo"; Communists Threaten Kweichow Capital

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Foreign Ministry Refutes Hirota Statement on Puppet Recognition.**
2. **Minami Urges a United Japan to Face "Friendless World Alone."**
3. **Mongolian Leader Assassinated While Traveling to Kalgan.**
4. **High Japanese Army Officers Discuss Increase of North China Garrison.**
5. **Doihara Arrives at Shansi Capital to Interview Gen. Yen Hsi-shan.**
6. **Abolition of East Hopei Rebel Regime Agreed in Principle.**
7. **Sino-Japanese Trade Council Is Formed at Shanghai.**
8. **Martial Law Declared in Kweichow Capital as Reds Threaten City.**
9. **Hu Han-min Arrives at Canton and Postpones Trip to Nanking.**
10. **Hsiao Fu-chen Denies Reported Abolition of Southwest Political Council.**

Interviewed by press correspondents concerning K. Hirota's (the Japanese Minister of Foreign Affairs) reference in his speech in the House of Peers on Jan. 21 to alleged concurrence by China to Japan's three principles vis-a-vis China—one of which is stated to be China's recognition of the puppet state of "Manchukuo," a spokesman of the Waichiaopu interviewed by *Kuo Min* on Jan. 22, stated as follows:

"By the three principles Mr. Hirota must have meant those three points which he put forth to General Chiang Tso-pin, then Chinese Ambassador to Tokyo, in September, 1935, by way of reply to the latter's proposals.

"It will be recalled that in the autumn of last year the Chinese Government proposed through Ambassador Chiang to the Japanese Government certain fundamental measures for the improvement of the relations of the two countries. In reply, Mr. Hirota informed Ambassador Chiang to the effect that the Chinese proposals in principle were not unacceptable to Japan but at the same time China must agree to three things:

"1. China must abandon her policy of playing one foreign country against another.

"2. China must respect the fact of the existence of 'Manchukuo.'

"3 China and Japan must jointly devise effective measures for preventing the spread of Communism in regions in the northern part of China.

"However, these three points were considered by the Chinese Government as being too vague in their phraseology to serve as a subject for useful discussion. So the Japanese Government was requested to state the concrete terms embodied in these points. But up to the present the Japanese Government have not yet done so.

"Mr. Hirota's statement to the effect that China had indicated her concurrence to these points is therefore entirely without foundation.

"On the other hand, General Chang Chun, shortly after assuming his duties as Minister of Foreign Affairs, proposed that Sino-Japanese negotiations should be conducted according to regular procedure and through diplomatic channels with a view to the fundamental readjustment of the relations between the two countries. Now in his speech on Jan. 21 Mr. Hirota not only expressed concurrence with General Chang Chun's proposal but also reiterated Japan's fundamental policy of non-menace and non-aggression against neighboring countries in the hope of restoring the relations of the two countries to normalcy as well as adjusting their mutual interests. From this standpoint there seems to be no divergence of views between the two sides. With this as a starting point in the negotiations between China and Japan there can be no doubt that the relations between the two countries will be greatly improved."

The Chinese statement, made on January 22 by a spokesman of the Chinese Foreign Office, to the effect that China has not yet accepted the three principles advocated by K. Hirota, Japanese Foreign Minister, for a closer understanding between the two countries, was commented upon Jan. 24. Remarking that the Chinese declaration was seemingly unofficial, a spokesman of the Japanese Foreign Office said that fuller information was being awaited. The Chinese spokesman, according to press reports, he declared, only touched on the conversations between Mr. Hirota and General Chiang Tso-pin, and did not touch on the talks between General Chiang Kai-shek and A. Ariyoshi, Japanese Ambassador to China. The Japanese Government, he proceeded, had all along understood that China had accepted the three principles, and that she had merely asked for a more concrete definition of the third principle in connection with an anti-communist campaign.

Instructions to report immediately on the statement made on Jan. 22 by a spokesman of the Chinese Foreign Ministry in regard to Japan's "three-point program" were cabled Jan. 23 by the Foreign Office to Yakichiro Suma, Consul-General in Nanking, according to a *Domei* message from Tokyo. At the same time, a spokesman of the Gaimusho told the press that the Waichiaopu statement, if correctly reported, must have been made in an effect "not to jeopardize China's relations with foreign powers."

The Nanking Government's assent to the appointment of Hachiro Arita, at present Japanese Ambassador to Belgium, to succeed Ariyoshi as Ambassador to China, was sought by Yakichiro Suma in an interview on Jan. 22 with Gen. Chang Chun, China's Foreign Minister. The need for exhaustive preparations by both Japan and China before embarking on the proposed discussions for the normalization of their relations was stressed by Mr. Suma in his interview with Gen. Chang Chun. The Japanese official, according to a resume of his conversation with Gen. Chang which he gave Japanese reporters, informed the Foreign Minister of the strong desire prevailing among Japanese officials and others to see Sino-Japanese relations restored to normalcy. In this connection, he said, the Japanese government is in full accord with the Nanking proposal to open pourparlers in Nanking, but felt that ample preparations should be made beforehand.

Admiration for the evident eagerness to improve the strained Sino-Japanese relations, said to have been displayed by Gen. Chiang Kai-shek, was voiced by Major-Gen. Rensuke Isogai, Japanese Military Attache, in an interview Jan. 25 with Japanese reporters in Shanghai. "We had a frank exchange of views," Major-Gen. Isogai said. "It is the first time I have met Gen. Chiang and it appeared to me that he was deeply conscious of the need to improve Sino-Japanese relations. Moreover, he indicated that, in his capacity as President of the Executive Yuan, he was in a position to bring about an improvement. He also told me he believed it to be his responsibility to bring about a better feeling between our two nations. "Gen. Chiang asked me to transmit his views to the Government and the people of Japan when I return to Tokyo. I expressed my appreciation of Gen. Chiang's determination and we then went into a discussion of various basic problems that are confronting our two nations. We did not touch minor specific issues." Major-Gen. Isogai is leaving shortly for Japan on summons from the Tokyo War Office.

SINO-JAPANESE TRADE COUNCIL INAUGURATED AT SHANGHAI

The much-heralded Sino-Japanese Trade Council was inaugurated at a meeting held at the Chinese Bankers' Club in Shanghai in the afternoon of January 27 with

more than 100 Chinese and Japanese business leaders in attendance. A board of 25 directors consisting of 21 Chinese commercial industrial and financial leaders and four Japanese business leaders in Shanghai were elected. Chow Tso-min, head of the Kincheng Banking Corporation, was elected President of the organization, with Kenji Kodama, Governor of the Yokohama Specie Bank, residing in Japan and Yue Tso-ting, Chairman of the Shanghai Chinese Chamber of Commerce, as Vice-Presidents.

The 21 Chinese leaders elected directors were Chow Tso-min, Sung Han-chang, General Manager of the Bank of China; O. S. Lieu, General Manager of the China Merchants' Steam Navigation Company; Y. M. Chien, General Manager of the Joint Savings Society; K. P. Chen, Managing Director of Shanghai Commercial and Savings Bank; Singloh Hsu, General Manager of National Commercial Bank; Yue Tso-ting; Tsow Min-chu, Huang Wen-chih, Chung Ngo, Chu Shu-kang, Hu Chun-an, Nan Kwei (these were members of the Chinese economic commission who made a tour of investigation to Japan last year); Yu Ya-ching, local shipping magnate; Du Yueh-sen, President and General Manager of the Chung Wai Bank; Ling Kan-hou, Secretary-General of Chinese Bankers' Association; Li Ming, General Manager of Chekiang Industrial Bank; Yung Tsung-ching, China's "flour king," Wu Chen-hsiu and Wu Yun-chai. The four Japanese leaders elected were T. Funasu, General Director of the Japanese Cotton Millowners' Association; M. Yonesato, Chairman of the Japanese Chamber of Commerce; M. Yoshida, Manager of Mitsubishi Bank and T. Crabe, Manager of Mitsui Bussan Kaisha.

Concidental with the inauguration in Shanghai, the Japanese-Chinese Trade Council was also inaugurated in Tokyo on the same day. The Council in Tokyo was also to be headed by a board of 25 directors consisting of 12 Japanese and four Chinese.

Kenji Kodama, President of the Yokohama Specie Bank, was chosen to head the trade Council with Ichiji Iio, Chairman of the Association of Japanese Cotton Millowners in China, as vice-president. The list of 24 directors includes Kodama Iio, Kyutara Kohno, director of the Okura Mining Company, Ltd., and Dr. Matsuichiro Takayanagi, director of the Japan Cotton Millowners' Association. Baron Sceinosuke Goh, President of the Japan and Tokyo Chambers of Commerce and Industry, was appointed adviser. Seihin Ikeda, a director of the Mitsui Komei Kaisha and Manzo Kushida, President of the Mitsubishhi Bank, were chosen councillors of the new organization.

MINAMI URGES UNITED JAPAN TO FACE 'FRIENDLESS WORLD ALONE'

A ringing message to the Japanese people to redouble their determination to overcome the national crisis was issued by General Minami, Japanese Ambassador to "Manchukuo," Commander-in-Chief of the Kwantung Army and Governor-General of the Leased Territory, on his arrival at Dairen January 23 from Changchun on an inspection tour. Such determination, he said, was a necessity, for Japan had to face a friendless world alone. The New Year had been marked by the withdrawal of the Japanese delegation from the London Naval Conference and by the dissolution of the Imperial Diet—events which had intensified the crisis to an immeasurable extent. With her departure first from the League of Nations and now from the London Naval Conference, Japan was for the first time "free internationally," but, as an orphan, she could no longer depend on others, but must rely on her own powers. It was the solemn duty of all Japanese to render the greatest loyalty possible, especially by strengthening the spiritual unity between themselves and by developing industrial independence. The policies of the Kwantung Army were unchanged. The Army's primary mission was to assist in the safe development of Manchuria. Immediate steps for overcoming the crisis were, General Minami said, five-fold:

1. To relieve Japan's burden in Manchuria by entrusting the maintenance of law and order to Manchu soldiers and police as early as possible.

2. Wholehearted support for the withdrawal of extra-territorial privileges, so that "Manchukuo" could be made truly independent.

3. Development of Manchuria industrially.

4. To seek a fundamental solution of unceasing frontier troubles by demarcating boundaries and sponsoring Manchu-Mongol friendship.

5. Speedy realization of friendship between China, Japan and "Manchukuo."

MONGOLIAN LEADER MURDERED WHILE TRAVELING TO KALGAN

A ghastly tragedy occurred on Jan. 23 when Ne-Ma-Erh-Teh-So-Erh, member of the Inner Mongolia Autonomy Political Council and recently elected reserve member of the Central Executive Committee, was shot dead by unknown assassins near Kalgan. The Mongolian leader was traveling from Changpei to Kalgan aboard a commercial passenger bus. On the pretense of inspecting the passengers on the bus, the gunmen fired at Ne-Ma-Erh-Teh-So-Erh in quick sucession. Hit by three bullets, the Mongolian leader succumbed instantly. Ne-Ma-Erh-Teh-So-Erh, who was in his 46th year, was reported to have arrived at Changpei on Jan. 17 to meet Tso Shih-hai, Commander of a Mongolian Cavalry, who is now practically in control of six northern Chahar districts. He left Changpei for Kalgan at 2 o'clock in the afternoon of Jan. 23. News of the assassination has caused a sensation among Mongols, as Ni was a very popular figure. Political motives are believed to have been behind the outrage.

Current rumors that there may be an uprising by Inner Mongolians at Changpei in Chahar were emphatically denied by Hsiao Chen-ying, Mayor of Tientsin. Prince Teh, one of the most influential leaders of Inner Mongolia, is at present still at Pailingmiao, Mr. Hsiao affirmed, and reports to the effect that Prince Teh has gone to Changpei to meet Tso Shih-hai are absolutely groundless. Turning to foreign relations, Mr. Hsiao declared that general principles governing the foreign policy of the Hopei-Chahar Political Council have been decided upon, and that all negotiations will be conducted along these lines.

Acting upon the instructions from Prince Teh of the Inner Mongolian Autonomous Council, Tai Shing-lien, resident representative of various leagues and banners in Nanking, called on Weng Wen-hao, Secretary-General of the Executive Yuan, Jan. 22 to inform the central authorities that current rumors concerning the independence movement in Inner Mongolia were absolutely groundless. Mr. Tai said that immediately after he learned from the press that the Mongolian Council has declared independence, he wired to various quarters to make inquiries in this regard. In reply Prince Teh instructed him to inform the central auhorities of the absurdity of such reports.

Pai Yung-ti, member of the Inner Mongolian Autonomy Council, returned to Peiping Jan. 25 from Pailingmiao where he conferred with Prince Teh concerning Mongolian Leagues in Chahar. According to Mr. Pai, Prince Teh is loyal to the Central Government. During his interview with him Prince Teh expressed the hope that the Council would settle the northern Chahar situation shortly, Mr. Pai added.

Organization of a Local Autonomy Political Council for the various Inner Mongolian Leagues and Banners in Suiyuan Province was announced by a government mandate issued Jan. 25. The Council consists of 20 members with Sha-Ke-Tu-Erh-Cha-Fu as chairman, and Pa-Pao-To-Erh-Chi, Ah-La-Tan-Ngo-Tsi-Erh, and Pan-Ti-Kung-Cha-Pu as vice-chairmen. All the other members are Inner Mongolian leaders. Regulations governing the organization of the council were simultaneously promulgated on the same day. According to the regulations, the council is organized for the purpose of administering local autonomous affairs of the various banners in the Ulan-Chab and Ikh-Chao leagues in Kweihua and four banners in five hsiens in East Suiyuan. The council will be under the direct jurisdiction of the Executive Yuan and subject to the supervision of the Central Government organs and directing officials appointed by the Central Government. In relation to affairs affecting the province, the Council shall consult the Suiyuan provincial government under Governor Fu Tso-yi, according to the regulations.

The six districts of Changpei, Kuyuan, Paochang, Kangpai, Shangtu, and Hwateh in northern Chahar—originally part of the eight Charhar Banners—have been formed into a separate League by the Mongolian Local Autonomy Political Affairs Council, according to a *Kuo Min* message from Peiping Jan. 22. It is to be known as the

Chahar League and Tso Shih-hai, Commander of the Mongolian Peace Preservation Units, has been appointed President. The creation of the new Chahar League is confirmed by Li Tan-shan, Director of the Peiping Office of the Mongolian Council. Denying reports of the defection of Prince Teh, he declares that no seditious movement is or has been staged by the Mongolian dignitary.

Explanation regarding the organization of the new Local Autonomy Political Affairs Committee of the various Mongolian league and banner of Suiyuan Province are given by Lieut.-General Huang Mu-sung, Chairman of the Mongolian and Tibetan Affairs Commission, in an interview. The organization of the new committee has been sanctioned by the Central authorities in deference to the request of the inhabitants and officials of the various Mongolian leagues and banners in Suiyuan province," he said.

Indicative of the concern over the recent developments in Inner Mongolia, Gen. Chiang Kai-shek, President of the Executive Yuan, summoned a meeting on Jan. 27 of all the resident representatives of various Inner Mongolian Leagues and Banners in Nanking and listened to their reports on the situation in Inner Mongolia. Among these who attetnded the meeting were Tai Ching-lin, Ho Chin-tang, and Keh Hing-ngo, members of the Central Executive Committee. Gen. Chiang is said to be concerned over the untimely death of Ne-ma-ngo-te-so-erh, the well-known Mongolian leader. It is understood Gen. Chiang will shortly petition the National Government for an appropriation of pensions to the family of the deceased.

HIGH JAPANESE OFFICERS DISCUSS INCREASE OF NORTH CHINA GARRISON

The projected reinforcement of the Japanese forces in North China was discussed at a meeting on Jan. 27 of high officials of Tokyo War Ministry presided over by Gen. Yoshiuki Kawashima, War Minister. Lieut.-Col. Naoza Ikeda, a member of the staff of the Japanese Garrison in Tientsin, reported on the situation in North China. Lieut.-General M. Furusho, Vice-Minister of War, and Lieut.-Gen. Kiyoshi Imai, director of the military affairs bureau of the War Office, were also present at the meeting.

The War Minister, *Domei* learned from authoritative sources, will make the final decision only after a very thorough study of the situation in the northern provinces, and especially the activities of the Hopei-Chahar Political Council and the East Hopei Autonomous anti-Communist Government. Should the War Office decide to strengthen the North China garrison, additional estimates will be presented to the extraordinary session of the Diet, soon after the general elections of Feb. 20.

ABOLITION OF EAST HOPEI REBEL REGIME AGREED TO IN PRINCIPLE

Agreement in principle has been reached between the Japanese and Chinese military authorities regarding the abolitition of the so-called "East Hopei Autonomous Government," which was established by Yin Ju-keng at Tungchow last year. This information was given by General Chin Teh-chun, Mayor of Peiping, in a press interview Jan. 22. Detailed arrangements concerning the solution of various petty problems involved in the abolition of the bogus regime, however, have not yet been completed, Gen. Chin stated. Negotiations are still being carried on between General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, and Major-General Doihara, chief of the Special Service of the Kwantung Army, in Tientsin, according to General Chin.

The Sino-Japanese negotiations in Tientsin in connection with the proposed abolition of the East Hopei "Autonomous Council" have been halted, according to a *Reuter* message from Peiping Jan. 22. They give as a reason the imminent departure of Major-General Doihara, of the Kwantung Army, for Tsinan, where, they state, he will try to persuade General Han Fu-chu, Governor of Shantung, to join the Hopei-Chahar Political Council.

Complete understanding between the Chinese and Japanese authorities was reached Jan. 21 on the Taku affair, in which Chinese troops are alleged to have molested the keepers of shops flying the Japanese flag. The Chinese have agreed to pay $400 as compensation to the Japanese shops involved, while all the other points raised by the Japanese have been settled.

Lei Yun, newly appointed Counsellor to the Tientsin Municipal Government, was shot dead in the afternoon of Jan. 22 while reading a newspaper in his bedroom at the Chung Kuo Hotel, in the French Concession, Tientsin. The murderer was an unknown Chinese, who drove up to the hotel to a motor car and rushed to Mr. Lei's bedroom, where he fired several shots, two of which struck the victim. He then made his escape. Mr. Lei was formerly a law officer in Kalgan. He arrived in Tientsin on December 30.

REPORT OF CAPTURE OF KALGAN BY "MANCHUKUO" TROOPS DENIED

The report circulated in Shanghai that a combined Japanese and "Manchukuoan" force had captured Kalgan provincial capital of Chahar, and taken over the Peiping-Suiyuan Railway, was described by a high official of the railway in Peiping on Jan. 28 as "laughable and without foundation." Chinese Official circles have heard nothing concerning a change in the situation at Kalgan, which is believed to be peaceful. Trains on the Peiping-Suiyuan line are still running normally.

Confirmation is also completely lacking of the report published in Shanghai that a number of Chinese had been arrested in Peiping in connection with an alleged Soviet plot to excite the Chinese troops in the North to rebellion. Both Chinese and Japanese official circles in Peiping profess complete ignorance of the reported arrests.

DOIHARA ARRIVES AT TAIYUAN TO INTERVIEW GENERAL YEN HSI-SHAN

Major-General Doihara, chief of the Special Service Division of the Kwantung Army, arrived at Taiyuanfu by air Jan. 27, from Tientsin, according to a *Reuter* report. It is expected that he will interview General Yen Hsi-shan, Pacification Commissioner of Shansi and Suiyuan.

HU HAN-MIN VISITS CANTON, AND DELAYS TRIP TO NANKING

A welcome surpassing any ever given a political leader by Canton was accorded Hu Hu-min, Chairman of the Standing Commitete of the Central Executive Committee, on his arrival there in the afternoon Jan. 25 from Hongkong aboard General Chen Chi-tang's yacht *Wu Feng*. Mr. Hu was accompanied by several other notables, including General Li Tsung-jen of the Kwangsi Army. As the *Wu Feng* steamed up the river into the harbor, a salute was fired by warship and forts. Scores of airplanes roared overhead, while a storm of cheers broke out from the thousands of people awaiting him as he landed. Mr. Hu, who was welcomed as a national salvation hero, looked rather tired, weak and pale. Followed by a long string of motor cars containing welcomers, he headed a procession to the Sun Yat-sen Memorial Hall, where a monster meeting was held. Chow Lu, Chancellor of the Sun Yat-sen University, who presided, hailed the veteran statesman as "the man capable of guiding the whole nation and able to weather the present national crisis" in his speech of welcome. Responding, Mr. Hu Han-min expressed gratification at the rising patriotic spirit of the people and stressed the fact that every citizen was responsible for the rise or fall of the country. He declared that he was determined to fight for his country as long as he continued to be a Chinese citizen. Referring to the scheme for national salvation, he stated that a united front and perseverance as well as preparedness were essential for successful national salvation efforts. Despite the fact that he had not fully recovered from his illness, Mr. Hu said that he was willing to serve the country and lead the people in efforts to strengthen the national position. Thus far, Mr. Hu has given no indications concerning his future plans. Contrary to general expectation, no written statement was handed out upon his arrival.

In the afternoon of Jan. 26, Mr. Hu called on Hsiao Fu-chen, influential Kuomintang leader, and General Chen

Chi-tang, Cantonese commander-in-chief, and exchanged views on the situation.

According to a *Central News* report, Mr. Hu has decided to leave Canton for Shanghai en route to Nanking on January 29 aboard the Canadian Pacific liner, *Empress of Asia*. Mr. Hu, will be accompanied to Shanghai by Hsu Chung-chih. Vice-President of the Control Yuan, who came to Canton from Nanking in the middle of December to welcome Mr. Hu. According to a latest report, owing to his health having not been fully restored, Mr. Hu has been ordered by his doctor to take further rest and consequently he will postpone his trip to Nanking.

The three official delegates of the National Government, namely Chu Cheng, President of the Judicial Yuan, Yeh Chu-tsang, Secretary-General of the Central Kuomintang, and Admiral Chen Chak, Director of Naval Affairs of the National Military Council, left Hongkong Jan. 25 to return to Nanking aboard the *President Coolidge*. Messrs. Chu and Yeh returned Hongkong from a two-day trip to Canton Jan. 24. At Canton, they called on the Southwest officials, including Hsiao Fu-cheng, influential Party leader, Lin Yun-kai, Governor of Kwangtung, Liu Chi-wen Mayor of Canton, and Chow Lu, recently-elected member of the Standing Committee of the C.E.C.

On the eve of their departure from Canton, Messrs. Chu and Yeh issued the following written statement to the press:

"We were commissioned by the Central Government to come to South China to welcome Mr. Hu Han-min, newly elected Chairman of the Standing Committee of the Central Executive Committee, to return to Nanking to take charge of government affairs.

"In view of his devout loyalty to the Party and the nation and keen concern over the present conditions of State affairs, Mr. Hu has decided to proceed to Nanking from Hongkong in the very near future.

Following the completion of our mission in Hongkong, we recently came to Canton to visit many of our old friends. But on account of pressure of official duties in Nanking, we have to return to the capital, and we feel grateful for the hospitality that has been bestowed upon us during our brief but pleasant stay here."

HSIAO DENIES ABOLITION OF SOUTH-WEST POLITICAL COUNCIL

The report circulated in Chinese circles in Shanghai suggesting that the South West Political Council would shortly be abolished was categorically denied by Hsiao Fu-chen, one of the most influential Kuomintang leaders in Canton, Jan. 24.

"The report," he told *Reuter*, "is a complete fabrication." He explained that the Council had been created by the fourth National Congress and could not be abolished at anyone's wish.

Canton breathed a sigh of relief Jan. 22, when the headquarters of the 1st Group Army lifted the curfew that had been enforced since the night of January 14, when rival groups of students clashed in the streets.

MARTIAL LAW DECLARED IN KWEIYANG AS REDS THREATEN CITY

Anxiety is growing in Kweiyang as a result of reports that the Reds under Hsiao Keh and Ho Lung are nearing the provincial capital. According to despatches received Jan. 26 by General Li Tsung-jen, the Kwangsi commander-in-chief, the communists are desperately attempting to penetrate Sungping, Organ, Houchang and Newchang—all cities northwest of Kweiyang—to Kweiting, with the capital as their final objective. In view of the many alarming rumors in the city, martial law has been enforced at Kweiyang since Jan. 26.

Large numbers of the populace of Kweiyang have volunteered to follow the local troops to build many block-houses round the suburbs of the city. Calm and quietude continue to prevail in Kweiyang.

Pingyueh, 50 miles east of Kweiyang, was captured by the Communists on Jan. 29, according to a *Reuter* report from Canton. The Reds, according to messages from Yunnanfu, are reported to have entered Kweiting, 35 miles east of the provincial capital and that fierce fighting is now going on there between the invaders and provincial troops. More than 10,000 Reds are reported to be concentrated at Newchang, a few miles south of Wengan, while the advance guards of the Communists are stated to be pushing on rapidly towards Kweiyang. It is estimated that over ten divisions of government troops are now advancing towards the front and the Kweichow authorities are confident that the Reds will not be able to capture the capital. A large body of Hunan provincial troops had crossed the Wu Kiang and Yinkiang rivers and launched an attack on the Communists' rear-guards. Meanwhile, five division of Kwangsi troops have advanced into Central Kweichow from Northern Kwangsi.

Military reports received at Changsha reveal that Tsou Wei-po, head of the political department of the Communist army in Hunan has been taken captive by government troops following a serious battle with the Reds along Hunan-Kweichow-Kwangsi border.

R. Bosshardt, the captive Anglo-Swiss missionary, who has been in the hands of the Communists under Ho Lung for more than a year, was seen at Chihkiang, in southwest Hunan, on December 31, according to reports reaching Hankow. The Communists were then making their forced march into Kweichow, which resulted in the recent threat to Kweiyang, following severe fighting with Government troops on the Kweichow-Hunan border. Mr. Bosshardt was in a very tired condition, his feet being extremely sore and bound with old pieces of cloth. His hands were tied behind his back. On the following day, when the Reds continued their march towards Pienshui, the captive was unable to walk any longer, so he was slung by his hands and feet on a bamboo pole. During the journey he fell into a river and, after being rescued by his captors, was compelled to continue in wet clothes despite the bitterly cold weather.

Manchukuo Troops Sent to Mongolian Border

Manchukuo troops were on the move towards Outer Mongolia Jan. 30 with the avowed purpose of "recovering areas unlawfully occupied by Mongolian troops." *Domei* says the size of the force which started towards the border was not disclosed.

The objective of the detachment was given as Heilumoto and Urahatga, which, it is alleged, were seized by Outer Mongolian Forces on Jan. 15.

After recovering these districts, the Manchukuo troops will remain on the border "keeping a close watch on the movements of the Outer Mongolian forces," according to an official announcement.

Seven Mongols in Manchukuo service were captured by Outer Monglian troops at Heilumoto on Jan. 15 in what was officially described as "a raid for hostages."

In a note sent to Ulan Bator Hoto, the capital of Outer Mongolia, the Manchukuo Government, it was disclosed on Jan. 24. protested against the alleged attack.

Armed Manchurian Company Allegedly Mutinies Against Japanese

Khabarovsk (*Tass*) reported Jan. 30 that in the Grodekovo district, a fully armed company of Manchurian soldiers crossed into Soviet territory and asked asylum. The company commander, a Manchu lieutenant, Chowdin-sha stated tha, his company had mutinied against the Japanese authoritiest protesting the Japanese occupation. During the clash in the barracks four Japanese officers were killed. A total of 104 soldiers, 4 non-commissioned officers and one lieutenant crossed over and were immediately disarmed and interned in the interior of Soviet territory. Two light machine-guns, 111 rifles, two Mausers, two Browning pistols and cartridges were taken from them.

Okada Cabinet to Resign After Elections

THE resignation of Premier Keisuke Okada's Cabinet after the general elections is inevitable, a consensus of political opinion in Tokyo indicates. His resignation, political observers said, will pave the way for the formation of a "truly national" Cabinet, composed of representatives of all parties according to their strength in the Lower House. Political circles expect that the Seiyukai party will annex about 210 seats in the elections, to be held on Feb. 20. The Minseito, which supports the Government, is expected to win about 200 seats, with the Showa Kai, another strong supporter of the Cabinet, gaining 25 seats. This would give the Government a small majority of 15 over the Seiyukai, the opposition party. Political observers said that the Government, in its stand on the question of the naval disarmament conference, has fulfilled one of its main tasks. Another major task, they said, would be the conduct of "pure" elections.

New Elections to Be Held Feb. 20

An Imperial Decree issued at Tokyo Jan. 21 orders elections to be held Feb. 20.

Colonel Aizawa Admits Assassination of General Nagata

One of Japan's most sensational court cases began on Jan. 28, when Lieut.-Col. Saburo Aizawa was put on trial by court martial for the assassination of Lieut.-Gen. Tetsuzan Nagata, director of the military affairs bureau of the War Office, on Aug. 12. The trial has attracted nation-wide interest, as it will probably result in exposing conditions existing in the Army. Maj.-Gen. Shozaburo Sato, Commander of the First Infantry Brigade of the First Division, is presiding over the court martial. At the time of the assassination the press reported that Lieut.-Col. Aizawa slew his superior believing him to be responsible for the drastic changes in the Army command instituted by Gen. Senjuro Hayashi, former Minister of War.

Lieut.-Col. Aizawa admitted that he slew Lieut.-Gen. Nagata, on August 12 to "end the repression of younger officers," who sought to advance the "Showa reforms." The statement was made by the accused while he was being questioned on his political belief by Kotaro Suguhara, a judge of the Superior Court Martial. The trial, is being held in a rambling wooden building in the fashionable Aoyama Residential section.

Questioned by the prosecutor as to his notions of reform, Lieut.-Col. Aizawa denied that he entertained any such ideas, declaring that the task of the nation was to "serve respectfully the Emperor and obey his orders." "The Emperor," said the accused, is the representative of Amaterasu O-Mikami, creator of the earth. Therefore, he is of eternal lineage. The Emperor is the source of the universe. Eternal distances separate Amaterasu Omi-ikami from humankind. A similar distinction exists between the Emperor and the people."

Lieut.-Col. Aizawa condemned the efforts of "conservatives" to hinder "restoration." Conservatism, he said, is dictated by nothing but self-interest, and should, therefore, be combatted.

The accused said that with this idea in mind he had watched the actions of Lieut.-Gen. Nagata ever since the latter assumed his post at the head of the Military Affairs Bureau.

Lieut.-Gen. Nagata, according to the accused, at first allowed the younger officers to meet and discuss the situation confronting Japan, but later put an end to these meetings.

"This makes me believe that he was motivated by some political considerations," Lieut.-Col. Aizawa added.

Continuing, the accused said that the officer he assassinated "sent certain young officers to prison without justification for terms ranging up to three months." Lieut.-Col. Aizawa also condemned Lieut.-Con. Nagata for "trying to deprive" Gen. Jinzaburo Mazaki, then the Inspector-General of Military Education, of his post.

Japan Has to Face Friendless World, Says Gen. Minami

An earnest message to the Japanese people to redouble their determination to overcome the national crisis was issued by Gen. J. Minami, Japanese Ambassador to Manchukuo, Commander-in-Chief of the Kwantung Army and Governor-General of the Leased Territory, on his arrival in Dairen Jan. 23 from Changchun on a tour of inspection of the territory. Such determination, he said, was a necessity, for Japan had to face a friendless world alone.

Maj.-Gen. Doihara to Be Promoted

Domei states that the promotion and transfer of Maj.-Gen. Kenji Doihara, chief of the Special Service Division of the Kwantung Army, will be among the more important personnel changes to be announced in March, The annual reshuffle will feature, according to military circles, few major changes. Informed quarters expect that Lieut.-Gen. Toshizo Nishio, Chief of Staff of the Kwantung Army, will be promoted to command a divison. Similar promotions are expected for Lieut.-Gen. Kiyoshi Imai, director of the military affairs bureau of the War Office, and Lieut.-Gen. Masuo Samura, director of the Army engineering forces.

Col. Seiichi Kita, Chief of the China section of the General Staff, who also made a comprehensive tour of North China and Manchukuo this month, is expected to be promoted to major-general. Col. Hiroshi Nemoto, Chief of the Press Section of the War Office, who also toured China, is expected by military circles to replace Col. Kita.

Japanese Newsmen Allegedly Expelled from Netherlands East Indies

The Japanese Government is investigating cases in which several Japanese journalists are alleged to have been expelled by the authorities of the Netherlands East Indies for criticizing the policy of the Netherlands Government. It is reported that the Japanese Foreign Office may take similar steps against Netherlands journalists in Japan.

Japan Exports Much Flour, but Mostly to Manchukuo and Kwantung

A total of 13,013,000 sacks of wheat flour was shipped abroad by Nipponese millers during the latter six months of 1935, most of it going to Manchukuo and Kwantung Leased Territory.

Tsingtao Commerce Body Asks for Cut in Cable Rates

A petition to reduce the cable rates between Tsingtao and Japan and to improve the service was filed this week with the Ministries concerned, by the Japan Chamber of Commerce and Industry. The step was taken at the instance of the Tsingtao Japanese Chamber of Commerce and Industry.

Twenty Killed and 40 Hurt as Avalanche Hurls Trains Into River

Twenty railway workers killed and 40 of them injured early in the morning of Jan. 28 when a work-train ran headlong into an obstruction on the track near Yamagata and fell 60 feet into a river bed below.

Japanese Army and Navy Seek Additional Appropriations

Taking advantage of the dissolution of the Diet, the Army and the Navy Jan. 22 made preparations to seek additional appropriations for the next fiscal year. The War Office will seek Yen 120,000,000, in addition to Yen 507,000,000 provided in the 1936-37 draft budget, approved by the Finance Ministry. Of the additional expenditures, Yen 55,000,000 will be for the purchase of military equipment; Yen 24,000,000 for military defenses in Japan; Yen 21,000,000 for the Japanese forces in Manchuria, and Yen 7,000,000 for new weapons.

The Navy will also seek additional appropriations, besides the Yen 551,000,000 approved by the Ministry of Finance. All new demands will have to be approved by the Exchequer. When the newly-elected members of the Lower Chamber convene for the first time in April for an emergency session, their first task will be to pass on the basic and additional budgets.

Japanese Navy Seeks to Increase "Naval Consciousness"

The Tokyo Navy Ministry, according to *Domei*, has decided to establish offices in eight major cities of Japan and increase the number of officers attached to schools in an effort to build up a "naval consciousness" in the public mind.

Japan to Seek Trade Agreement with United States

Conclusion of a reciprocal trade agreement with the United States, which would also provide for the division of the South and Central American markets, will be sought by the Foreign Office in the near future, a recent Tokyo message stated. Officials of the Gaimusho's Commercial Affairs Bureau are already working on a draft of the agreement, on instructions from Koki Hirota, Foreign Minister. The agreement would revolve upon the exchange of American cotton for Japanese raw silk, and would seek the termination of anti-Japanese movements.

Provisions regarding the division of the markets in South and Central America was held by the officials to be necessary in view of the pressure allegedly exerted by American interests upon Latin-American Governments to terminate their agreements with Japan.

The denunciation of trade treaties with Japan by Cuba, Peru and Colombia and the refusal of Panama to ratify an agreement with Japan were attributed by the Bureau officials to American influence. The Foreign Office, it is stated, is also planning to send a trade mission to the Philippines, to strengthen trade relations between the two countries.

Japan to Seek Trade Agreement with Syria

Decision to inaugurate negotiations for the conclusion of a trade agreement with Syria was reached in Tokyo Jan. 25 at a meeting of officials of the Foreign Office and the Ministry of Commerce and Industry.

The agreement, according to officials concerned, will provide for reciprocal treatement of goods and increased Japanese purchases of Syrian products.

Australia-Japan Trade Talks to Be Held in Canberra

Decision to call in the near future a conference of officials of six ministries concerned in the Japan-Australian trade talks in

Canberra was reached Jan. 23 at a meeting of high officials of the Tokyo Foreign Office. The main issue to be decided is the Australian demand for continued duty-free entry of wool into Japan, and the Nipponese demand for reductions, ranging from five to ten per cent, in the customs duty on Japan-made cotton and silk textiles, rayon goods, porcelain, and bottled and canned provisions.

Mexico Wants Japanese-Mexican Textile Concern

A proposal to establish a joint Mexican-Japanese concern for the development of the silk textile industry was received by the Tokyo Foreign Office last week.

Negotiations Begun on Manchukuo-Belgian Trade

Coversations were begun in Tokyo Jan. 25 between the members of the visiting Belgian Trade Mission to the Orient and Kan Matsushima, Director of the agricultural affairs bureau of Manchukuo's Ministry of Industry, on the readjustment of trade relations between the two countries. The members of the mission have reportedly pointed out to the Manchukuo official that while Belgian purchases of the new Empire's beans reach MY. 1,000,000, Manchukuo buys about MY. 300,000 worth of Belgian goods a year.

Japan Cotton Cloth Exports Gain as Britain's Drop

Exports of Japanese cotton textiles increased 151,000,000 square yards in 1935 over the total for the preceding year, while Britain's overseas shipments dropped by 44,000,000 square yards during the same period, a comparative survey issued in Tokyo Jan. 25 revealed. Nippon's exports during the year totalled 2,728,000,000 square yards, while those of Britain were 1,949,000,000 square yards. Japanese articles led British products in Asia, Africa and Central America, but lagged behind in South America, Oceania and North America, the report said.

Japanese Minister Relieved of Posts

Maokichi Matsunaga, Japanese Minister to Austria and to Hungary, was ordered relieved of his posts by the Cabinet Jan. 24.

Priceless Documents Destroyed by Fire at Kyoto U. Library

Priceless archives and documents were reduced to ashes as fire swept through the library of the Imperial University at Kyoto Jan. 24.

Five Killed and 11 Hurt as Destroyer's Tank Explodes

Five dockyard workers were killed and 11 injured at Sasebo Naval Base Jan. 26 in an explosion in an oil tank of the 1,700 ton destroyer *Yayoi*. The vessel itself was only slightly damaged, a few plates being bent by the detonation. The mishap occurred at 9.05 a.m. as workmen started repairs on the ship which is drydocked in slip No. 2. Volatile gases, which remained in the starboard tank amidships after it had been drained of oil, are believed by officials to have exploded when ignited by a spark from an overheated tool.

Co-Education Ban in Peiping Middle Schools to Continue

The Bureau of Social Welfare of the Peiping Municipality Jan 25 rejected the petition of the Private Middle Schools' Association for the removal of the ban on co-education. The ban was imposed by the former Mayor Yuan Liang last autumn and has caused a great deal of opposition in educational circles in the old Captal. After the resignation of Yuan Liang last October, the principals of the various private middle schools affected by the ban petitioned the new Mayor, General Chin Teh-chun, urging him to repeal the ban. In an order to the union of private middle schools, Lei Tzu-shang, the Director of the Bureau of Social Welfare, said that the petition could not be accepted.

Hopei Provincial Tax Revenue Divided, Independent of Nanking

A successful outcome of a conference between the East Hopei Committee and the Hopei and Charhar Committee, regarding the division between them of revenue from the salt tax, consolidated tax, mine tax, stamp tax, etc., with the exception of Maritime Customs revenues, is reported from Tientsin as having been reached. The total revenue of Hopei province is said to be $100,000,000, and it is reported that the East Hopei Committee is to receive $90,000,000 of this, the balance going to the Hopei and Charhar Committee. The financial independence of the Hopei and Charhar Committee is said to be thus emphasized, with no transmitting of the so-called "Central Tax", a large portion of the tax revenue, to the Nanking Government. The future of this committee is thus believed to be secure. The political unification of the two committees, a most difficult and important problem, is said to be nearing a solution.

THE GIST OF JAPANESE PRESS OPINION

One very satisfactory tendency to be noted of late is the growing number of foreigners who visit Japan. Every sincere welcome must be accorded to such visitors by the Government and the people alike. By so doing, Japan can get just that many more friends with a fair knowledge of this country.—*Tokyo Jiji.*

Japan need not regret her necessitated withdrawal from the London Parley. The upper limit theory she insists on is by no means for her own selfish purposes, but solely for the world's peace. If the present conference ends in a failure, Japan's proposition thus far explained will accelerate the next session.—*Tokyo Miyako.*

The London Parley has now come to rupture. This particularly strikes us with profound regret at the faithless attitude of the Powers to the disarmament cause. Still more regrettable is the consequent possible start of an armament race. To check it America, above all, must brush off its prejudice about Japan.—*Tokyo Asahi.*

Japan has left the London Conference because other Powers have no real anxiety for disarmament. Such withdrawal, therefore, does not alter Japan's spirit of peace and disarmament. On the contrary Japan will maintain her efforts for the sake of peace and disarmament at all times.—*Tokyo Jiji.*

The British attitude as noted at the London Parley reflects what appears to be a traditional British diplomacy to restrain Japan in the Far East by stimulating America and Soviet Russia. Japan must therefore be on guard against such British diplomacy.—*Tokyo Kokumin.*

The London Disarmament Parley has failed, culminating in Japan's withdrawal from the conference. Japan's diplomatic position has in consequence been more greatly consolidated. It cannot for a moment be believed that Japan's relations with China and the U.S.S.R. will be the worse for it.—*Tokyo Yomiuri.*

Japan's economic prosperity, known as an inflational boom, has increased during the last few years. While that is a matter for congratulation, popularization of such benefits must be sought so as to harmonize the interests of capitalists and workmen or consumers as a necessary correction of capitalism.—*Tokyo Jiji.*

One significant social tendency of late is the steady growth in the number of female employees. It is not unnatural that young girls fresh from schools should seek an opportunity of having a peep at the world before marriage. There will soon be the necessity of a law to protect them.—*Tokyo Hochi.*

Now that the early dissolution of the Diet seems unavoidable, those politicians who have devoted themselves to the cause of farm relief in North-Eastern Japan are trying to prevent such dissolution for fear their relief estimates may be dropped. They are seeing things in too pessimistic a light.—*Tokyo Hochi.*

The dissolution of the Diet now effected marks the start of a most significant political campaign for a General Election. The prevailing international situation which surrounds Japan demands real national unity, and for the achievement of that a great deal depends upon purification of politics through the elections.—*Tokyo Kokumin.*

In his recent public spech, Soviet Premier Molotov falsely accused Japan of aggressive designs against the USSR and emphasized the Soviet need of further strengthening its State defence. Such conclusion, however, has no solid ground. To get rid of such prejudice, the Soviets must make more diplomatic efforts.—*Tokyo Nichi-Nichi.*

The present diplomatic strain of the world is partly due to the unimproved economic depression. Improvement of business prospects in the world presupposes removal of economic nationalism. It is quite right that the Gaimusho is going to strive for reestablishing a free trade policy.—*Tokyo Nichi-Nichoi.*

Dr. Paul Schwarz Makes Radio Address on Trans-Pacific Air Service

Dr. Paul Schwarz, former German Consul in New York, gave a radio talk recently in New York on the subject of "American Wings Over The Pacific." He pointed out that Pan-American Airways by opening the "Clipper" route across the Pacific has added a thrilling new chapter to the many achievements of its proud history.

A.O.F.C. Used Bucket-Shop Methods, J. W. Brown Admits, in Cross-Examination; Then Denies

J. WARNER BROWN, under indictment in the U.S. Court for China together with Frank J. Raven on 16 counts of theft, embezzlement and fraud, gave testimony in his own behalf in the U.S. Court for China Jan. 24 before Judge Milton J. Helmick. In reply to questions by C. S. Franklin, his attorney, Mr. Brown said that he was an American citizen, 46 years of age, and had considerable experience in American banking institutions. He came to China in the latter part of 1918 to audit the books of the Presbyterian Mission in South China. He continued with the Mission until 1923 and then joined the American-Oriental Banking Corporation. He was married in 1914 and had three children. His wife is now in California.

It was at the request of Mr. Raven that he joined the A.-O.F.C. his first post being that of assistant manager. In 1925 he became manager of the Tientsin branch of the bank. He went on home leave in 1930 and upon his return in September of that year joined the A.-O.F.C. at Mr. Raven's request.

Mr. Brown said he never had been an officer or director of the American-Oriental Banking Corporation, the Raven Trust Company or the Asia Realty Company.

When he joined the A.-O.F.C. in 1930, he became a director and vice-president. At that time he had had no experience of finance company work, nor experience of trading in New York securities or commodities. While on home leave in 1930, however, he spent two weeks in the offices of E. A. Pierce and Company, San Francisco, studying these classes of business in relation to share dealings, both "margin" and fully paid. He went through the various departments under the guidance of Mr. Wood and Mr. Curtis, officials of E. A. Pierce and Company.

After some discussion on dealings with the New York Stock Exchange, Mr. Brown stated that he had a personal account in the A.O.F.C. under his own name which was later changed to his wife's name because the auditor didn't want a director of the corporation to have an account on the books. He stated that when he left for Manila on May 7, 1935 he had no idea the A.O.F.C. was in a precarious position and when told that it had closed refused to believe it. He did not think the A.O.F.C. was in need of cash.

Dr. Sellett Cross-Examines

Assistant District Attorney George Sellett then cross-examined Mr. Brown. Dr. Sellett gave a hypothetical example of a sale in which he paid in full for certain shares bought from the A.-O.F.C. and asked Mr. Brown whether the witness knew that it was his duty to make the buyer the owner of the shares and to keep them free and unencumbered.

Mr. Brown: It would depend upon whether you had any outstanding orders.

Dictates of Conscience

Dr. Sellett (with vigor): I have no outstanding orders and the facts are just as I have related them to you! I have paid you every cent on those shares. Suppose you had never seen Jim Price and never had his expert legal advice—what would your own conscience tell you was the proper thing to do with that property?

Mr. Brown: Hold it for your account.

Dr. Sellett: Would your conscience permit you to take that property and hypothecate it for the account of the A.-O.F.C.?

Mr. Brown: As long as I could make delivery on demand I should think it would be all right.

Dr. Sellett: You think that under the circumstances described, after I had paid in full for the shares, you would be within your rights in taking them to your bankers and saying: "Here are some shares. Lend me $5,000 on them." Do you feel you would have a right to do that?

Brown Hesitates

Mr. Brown (after long hesitation): As long as I could repay you at any time—yes.

Dr. Sellett: Suppose you are in the banking business. I come to you and say: "Here are 100 shares of A.T. and T. I wish you to keep them for me. I may want to use them one of these days, to borrow on them from your bank." Would you feel that, under those circumstances, you could take my 100 shares over to the Bank of China and borrow money on them?

Mr. Brown: I don't think that is an equitable question. I think you would have to say whether they were for safekeeping or not.

Dr. Sellett: I don't even say anything about safekeeping. I don't know that word; it is not in my vocabulary. I say: Here are my shares. Some day I might want to borrow money on them." Can you, the next day, take them to the Bank of China and borrow on them for your own bank's use?

Sees No Comparison

Mr. Brown (after a long pause): I don't think there is a comparison with this business, considering the distance from New York.

Dr. Sellett: In your business as a banker over a period of some 13 to 15 years, you had occasion to receive from time to time, from bank clients, certain property, other than money—stocks' property or bonds, etc.?

Mr. Brown: Yes.

Dr. Sellett: Did you ever feel at liberty, in any of those cases, to take that property and hypothecate it for the bank's purposes?

Mr. Brown: No.

Dr. Sellett: Do you think that a different code of ethics, or morals, or whatever you want to call it, would be applicable in a brokerage concern?

Defendant Silent

Mr. Brown did not reply.

On January 25 the cross-examination of Mr. Brown was continued and at this session Mr. Brown made the "bucket shop" admission. After questioning Mr. Brown minutely on transactions where signature cards by clients hypothecating, or giving consent to the A.O.F.C., to deal with the shares, Dr. Sellett turned to practices which he described as "bucketing" operations, and drew from the witness admissions that it was the A.O.F.C.'s practice, to sell out a "long" client in order to effect a short sale.

Prosecuting counsel posed a hypothetical case. "Suppose," he said, "Client A buys 100 shares of General Motors, paying for them in full. The A.O.F.C. places the shares in the margin account with Pierce and Company. Later, Client B comes in and places an order for the short sale of 100 General Motors. Would you sell out Client A in order to fill the order of Client B?

Mr. Brown: Yes.

Dr. Sellett: Suppose Client A comes in and asks for his shares?

Mr. Brown: Then we have to go out and buy them.

Dr. Sellett: Do you tell Client A that that is what you would have to do?

Mr. Brown finally answered by saying that the two transactions, Client A and Client B, "balanced each other."

Continuing with his hypothetical example, Dr. Sellett said: "Let us suppose that you bought Client A's 100 General Motors at 25. The market rises. When you have to deliver the shares to Client A, the price is no longer 25, but 50. That will mean that the A.O.F.C. has lost $2,500. Are my mathematics correct?

Mr. Brown: Yes.

Dr. Sellett: So the result is that the A.O.F.C. has speculated and lost $2,500, less any commissions which it may have made on the Client A and B transactions?

Mr. Brown: Yes.

Dr. Sellett: Do you know what "bucketing" is? Ever heard of it?

Mr. Brown: Yes.

Dr. Sellett: The transaction we have just described—do you know that that is "bucketing?"

Mr. Brown: Not when it is through Pierce and Company—through a brokerage house.

Dr. Sellett: If the A.O.F.C. had handled these transactions as they should have done, they could not have made or lost anything by fluctuations in the market as far as customers' fully-paid securities were concerned. These would have been in safekeeping. But the A.O.F.C. took a position against its clients and stood to win or lose by fluctuations in the value of the securities. Is that not the case?

Mr. Brown (after a long pause): Yes.

Dr. Sellett: Of course! It's as simple as A.B.C. And that is the way the so-called "short sales" were made.

Mr. Brown: We had very few short sales.

Dr. Sellett: Yes, but such as you had were handled in that way.

On the stand again on Monday, January 27, Mr. Brown clarified his previous statement on "bucket shops" as follows:

"I would like to correct a statement I made on Saturday regarding bucketing. I was misled by Dr. Sellett. All of our orders were put through E. A. Pierce as actual sales. My statements were that we did nothing illegal in the A.O.F.C. in the way of bucketing."

Dr. Sellett: What do you mean —that every purchase was a sale through E. A. Pierce? Did you ever match sales?

Brown: Yes, occasionally.

Every time you had a buyer and a seller for the same stock it was the policy of the company to match sales?—Yes, generally.

Out of a barrage of questions arising from this lead, witness contradicted his first statements and said that he did not approve of "matching" and that very few such transactions had taken place.

Dr. Sellett: You did nothing to prevent that practice?—I didn't approve of it.

Well, if you didn't approve of it, who did approve of it?—The cable department.

Weren't you the manager?—Yes.

I put it to you that you knew it was the policy of the company and that it was carried out continually—No.

During the sessions held all last week, the courtroom has been packed, many coming an hour early to get seats. At one session a man offered $5 for a seat.

On January 20 C. J. Haley, former A.O.F.C. official, appearing as a witness for the prosecution, identified a report made early in 1934 to Frank J. Raven which read, in part, as follows:

"There is a dangerous condition existing here. We have approximately U.S. $150,000 worth of stocks fully paid up by our customers and they should be held in safekeeping by us for them. Such is not the case, however, as we have only approximately U.S. $50,000 in safekeeping, the balance at present being hypothecated to Pierce and Company, who in turn, no doubt, have the securities out against a bank loan."

"This stock is not ours but is held in trust by us for our clients. We should pay Pierce and Company for it as promptly as possible and have Pierce and Company put it in their safekeeping vault for our account. If anything should happen which would compel Pierce and Company to liquidate any of our holdings to protect their interests,it is just possible that some of these fully paid securities would be disposed of. If such an event were to occur, we would be compelled to go into the open market and re-establish our clients' position at a possible loss to ourselves. Then, again, we are wide open to legal procedure if such a condition should come about."

In further replies to Dr. Sellett's questions, Mr. Haley said that he found the office methods used by the A.O.F.C. "archaic." He further stated that at times Mr. Raven's debit balances exceeded U.S.$200,000 and Mr. Brown's exceeded U.S.$70,000.

G. M. Rosse, former A.O.F.C. treasurer, appeared on the same day to conclude testimony. He stated that the Raven Trust Company's account with the A.O.F.C. was always undermargined.

On January 22, Miss Olive Eleanor Hibbard, Mr. Raven's former secretary, testified to the effect that Mr. Raven had seen Mr. Haley's report read on the previous day.

Frank L. Hough, liquidator for the A.O.F.C., A.O.B.C., and Raven Trust Company, was the next witness. He stated that the total realized from A.O.F.C. assets already sold and potential assets was Sh.$1,396,387 as against liabilities totalling Sh.$7,882,012. Valid claims against the A.O.F.C. totalled Sh.$3,239,641. Mr Hough further stated that considerable sums were owing to the A.O.F.C. by officers and employees of Raven concerns, including the A.O.F.C., when the crash came.

Non-Collectible Accounts

Dr. Sellett: Have you been able to collect anything on those accounts?

Mr. Hough: No, nothing.

Dr. Sellett: Mr. Raven was a debtor through a R. T. Co. account. Have you collected anything on that?

Mr. Hough: No.

Dr. Sellett: Or anything on the accounts of Mr. Hill, Mr. Price, Mr. Driscoll or Mr. Brown?

Mr. Hough: No.

Prosecuting counsel then asked the witness whether the figure of valid claims which he had previously given included liabilities in respect of capital stock, namely, liabilities to shareholders. The answer was in the negative.

The A.O.F.C., he continued, held shares in the American Oriental Banking Corporation, the Raven Trust Company and the Asia Realty Company.

Shares Valueless

Dr. Sellett: In estimating the value of the A.O.F.C.'s assets, did you accord any value to these shares?

Mr. Hough: No.

Witness added that general creditors of the A.O.F.C. could expect a dividend of about 1½ per cent. He hoped that the general creditors of the American-Oriental Banking Corporation would ultimately get about 20 per cent.

Regarding the position of the Asia Realty Company, witness said that there were unsecured creditors to the approximate amount of Sh.$2,500,000. The company owned no free, unencumbered property excepting furniture and fixtures. All its real estate was mortgaged.

In conlcusion, Mr. Hough stated that the value of Asia Realty shares and debentures held by the A.O.F.C. totalled Sh.$174,940.71 and that in his opinion they were valueless before the closure of the companies.

On January 23 the prosecution ended its case, the last witness being Thomas Waung, former A.O.F.C. chief accountant.

Mr. Waung testified that the A.O.F.C.'s trading account with itself in New York stocks and commodities had been listed in the balance sheet at the end of 1934 as a collectible asset. This account, the witness said, showed a debit balance of U.S. $117,914, which amount was secured to the extent of only U.S.$30,000.

Should Be Written Off

In the course of further testimony, Mr. Waung told the Court that it had been his opinion that this account should be written off entirely and he expressed this opinion to Warner Brown and to Mr. Weyler. These officials told him that the matter would be taken care of in 1935 by applying to the outstanding balance certain exchange profits which had been made, and which, as far as the witness recalled, amounted to $50,000 or $60,000, Chinese currency.

Referring to the sizeable short sales which appeared in the trading account which Mr. Raven had with the A.O.F.C. and similar sales which appeared in the A.O.F.C.'s account with itself, in April and May, 1935, shortly before the crash of the Raven concerns, Mr. Waung said that the orders for these short sales had been filled out by Mr. Brown and Mr. Weyler.

The items in question were referrred to extensively in the evidence given earlier by Mr. Driscoll and Mr. Haley and more light was shed on them by Mr. Waung.

Witness said he had brought the short sales to the attention of Mr. Warner Brown when they appeared for entry into the books.

"I asked Mr. Brown if these sales had been made intentionally. He replied 'yes.' I then remarked that the market appeared to be taking an upward turn. Mr. Brown agreed. I asked, then, why these sales had been made, and Mr. Brown replied that it was by order of the Executive Council.

In previous evidence it was established that this Executive Council had been set up to direct the destinies of all the Raven enterprises and the evidence given by Thomas Waung, regarding short sales, related to a statement made by Dr. George Sellett more than three weeks ago, when, in outlining the case for the prosecution, he declared that this Executive Council, at the head of which stood Mr. Raven, had plunged wildly on the stock market in a desperate effort to save the Raven enterprises just before the crash came.

Formal Motion to Dismiss Case Is Overruled

On January 24, the defence started its case with Richard T. Evans, counsel for Warner Brown, submitting a motion for the dismissal of the case against both of the defendants advancing four grounds: (1) that there was no evidence to show larceny; (2) that there was no evidence to show goods or money were obtained by false pretences; (3) that the evidence did not show that money had been manipulated to sustain a charge of embezzlement; and (4) that there was no evidence of felonious or criminal intent.

In reply, Dr. Sellett declared that there was overwhelming evidence but that each defendant was not guilty of every count in the indictment. He continued: "When there is intent from the very beginning to appropriate property, then it becomes larceny. What happened to the property after the defendants laid their hands upon it is just exactly what they intended to happen to it. This is larceny by trick."

Judge Helmick dismissed the motion and the defence started with J. Warner Brown taking the stand.

Replying to Dr. Sellett, who pressed Mr. Brown, upon further cross-examination, in regard to his discussion with Mr. Driscoll regarding the Haley report, witness stated that the Finance Corporation had three inside specially engaged lawyers, Messrs. Driscoll, Elder, and Price. and he discussed with all of them the matter of the propriety of the way in which fully paid-up shares were handle. "I discussed it with Driscoll, and his opinion was the same as what Price had stated, that our method was correct and legal. I am sure that Driscoll approved."

When the prosecution closed its case Jan. 23 at the 25th session of the Court it had called a total of 18 witnesses and placed 331 exhibits on file.

Raven Does Not Testify—Quarrels with Brown in Chocolate Shop

At the sitting Jan. 30, Dr. T. B. Dunn gave evidence that F. J. Raven was in bad health and could not stand any heavy strain. The defense closed its case without calling Raven as a witness. The fact that Raven was not to be called caused an altercation between him and defendant Brown in the Chocolate Shop during the noon hour, reference to which was made at the afternoon sessions.

Monnet B. Davis Is Appointed U.S. Consul General at Singapore

Announcement was made this week of the appointment of Monnet B. Davis, U.S. Consul-General at Shanghai, as Consul-General at Singapore. Louis Gourley, Consul at Hongkong, has been appointed Consul at Shanghai. Clayson Aldridge, now at Athens, has been appointed Second Secretary to the United States Embassy in China, and is to be stationed at Nanking. Charles Reed, of the United States Consulate-General at Shanghai, has been transferred to Belgrade as Consul.

Six Afghans Go to Japan to Be Educated

Six Afghan students enroute to Japan to study in universities passed through Hongkong this week. One of them is the son of the Afghan Minister of Agriculture and Forestry.

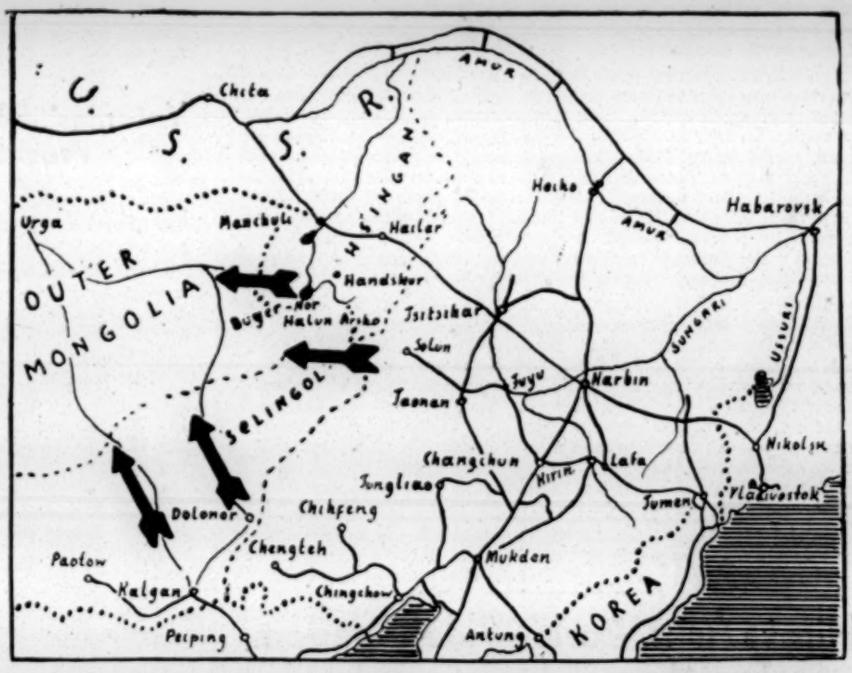
Will the U.S.S.R. Support Outer Mongolia?

BY THE REVIEW'S HARBIN CORRESPONDENT

WILL the Japanese test the strength of the Outer Mongolian army? And, in that case, will the Soviets come to the rescue of the Outer Mongolians? These are the questions now being asked by everyone in Harbin and Manchuria generally. The general impression is that the situation has come to the point when the Japanese will have to make a decision—either to continue their mad rush towards the unknown or to call a halt, settling down to a good neighborly life, discarding all this shwashbuckling in which they have become adepts in recent years. However, the lovers of peace are likely to be disappointed, for recent activities of Japanese warlords indicate no relaxation in their present high-handed policy *vis-a-vis* Outer Mongolia and the Soviet generally—they are loath to call a halt and to settle down to a peaceful life with an inevitable loss in that case of "prestige" at home and abroad.

That the testing of the strength of the Outer Mongolian army is not far off is a general assumption here. It is evident from the feverish activities of the Japanese military both in Manchuria and North China, which appear to have a clearly perceptible unity of purpose—the conversion of the frontier districts of these two territories into a huge base of operations against Outer Mongolia.

The significance of the present drive of the Japanese into North China appears to be clear to everyone, so there is hardly any need to enlarge this point once again. Suffice it to say that by the creation of several semi-independent regimes in North China, but actually under their thumb, the Japanese have succeeded in extending their control practically all over North China, being in a position to seize the Chinese owned and maintained railway lines from Shanhaikwan to Paotou at a moment's notice. The occupation of six hsiens of Chahar Province by the Manchukuo troops under Li Shou-hsin, originally stationed at Dolonor, is a distinctly military move aimed at the severance of all connections between China and Outer Mongolia. By so doing, the Japanese have created a "vacuum" in the northern part of Chahar Province, compelling the Selingol Mongols either to declare "independence" or to cast in their lot with Manchukuo. Recent reports were to the effect that these Mongols, headed by Teh Wang and his following, would like to be "independent" rather than to be under Pu Yi. Evidently the efforts of Chimotesaimupeilo, the "leader" of Manchukuo Mongols, have been futile; he has been very active trying to persuade his compatriots in Inner Mongolia to pledge allegiance to the puppet Emperor.



The above map, based on Japanese military sources, shows the development of railway construction in Manchuria as well as the direction of the Japanese threat to invade Outer Mongolia.

Strategic Railways Point Toward Outer Mongolia

The conversion of the Manchukuo section of Inner Mongolia into a jumping board for the Japano-Manchukuo army is rapidly nearing completion. This is characterized by the construction of a number of strategic railways, all pointing towards Outer Mongolia. They are as follows;—

(1) The Jehol Railway, 407.5 klm. long, connecting Chengteh, the capital of Jehol, with Chingchow on the Peiping-Mukden Railway and the Gulf of Pechili. According to recent reports, only a small part of the railway near Chengteh is not yet complete all other sections having been opened to traffic. Before the completion of the whole line, the Japanese rushed the construction of a purely strategic branch line from Yehpaishou to Chinfeng in the north (146.9 klm.), opening it to traffic on September 1, 1935. Now both lines are operated by the S.M.R.

(2) The Changchun-Halun Arshan Railway, 574.8 klm., running practically parallel to the former Chinese Eastern Railway and connecting Changchun with Fuyu, Talai, Taoan and Solun, in Hsingan Province. The line now is complete between Solun and Changchun, the traffic having been opened on November 1, 1935. The work on the uncompleted section between Solun and Halun Arshan, the seat of the famous hot springs, is proceeding day and night. The strategic importance of this railway is obvious; it provides an excellent defence of the Hsingan Mountains, which here are not so lofty as in the north, from any flanking attack that may threaten from the direction of Outer Mongolia. At Changchun, the line connects with the Kirin-Kwanei Railway, linked with the Korean ports and railways.

When studying the development of the communication system of Manchuria in recent years, one is struck with the obvious fact that all the railways have been laid out with an eye to eventual military operations against Soviet Russia and Outer Mongolia. This is evident from the fact that, whereas the interior of Manchuria has had only a few roads constructed, the outlying districts have all been generously provided with railways and motor roads, despite the scarcity of their population and the absence of any industry requiring rapid transportation. This is especially true in respect to Jehol and Hsingan Provinces, both probably the least developed sections of Manchukuo. Nevertheless, the Japanese have completed quite a network of motor roads, the true value of which cannot be otherwise than military. These roads are as follows;

(1) From Tungliao to Linsi via Kaillu and Lindu (566 klm.).
(2) From Kailu to Chengteh via Chihfeng (555 klm.).
(3) From Chingchow to Chengteh via Peipiao (410 klm.).
(4) From Linsi to Chihfeng (143 klm.).
(5) From Chinfeng to Pintsuan (190 klm.).
(6) From Lingyuan to Suichung via Lingnan (188 klm.).
(7) From Anganchi to Palin via Chalantun (225 klm.).
(8) From Changchun to Taonan via Talai (760 klm.).
(9) From Chengteh to Dolonor via Fenging.
(10) From Hailar to Halun Arshan via Chiangchungmiao.
(11) From Taonan to Tuchuan (110 klm.).
(12) From Taonan to Fusang via Talai (230 klm.).

It is significant that some of these roads lay through barren land, devoid of any population, and consequently with no immediate prospects of settlement. This list is by no means complete, for, according to recent reports, many roads have been laid out from Hailar, Horbonte and Dalai-Nor on the C.E.R., leading towards the Outer Mongolian frontier in the south and to the Sanho (the Three Rivers) district in the north, and about which there is no definite information. The roads are evidently reserved only for the military traffic; at any rate, no trip can be undertaken along any one of them unless permitted by the military authorities.

These reports state that extensive airfields have been laid out at Hailar, Dalai-Nor, Handshur and Tafutzo, all in the neighborhood of Buyer Nor, besides aerodromes at Halun Arshan, Taonan, Chihfeng, Chengteh, Dolonor and Chingchow. Large concentrations of Japano-Manchukuo troops are reported to be at Hailar, Huahosu, Handshur, Tafutzo, Halun Arshan and Dolonor, ready to strike at the Outer Mongolian frontiers.

There arises an interesting question: Will the Outer Mongolians defend their country? Or will they submit *a la* Chang Hsueh-liang? Present indications point that they appear to be determined to defend their country tooth and nail in the manner of Abyssinians defending their country against Italians. Recently, the Outer Mongolian leaders, comprising Gendun, Premier of the "republic," Demid, Minister of War, Mende, Minister of Trade and Industry, and Namsarai, Minister of the Interior Defence (or the O.G.P.U.), visited Moscow on an important errand, the true nature whereof remains unknown. After having spent a month in Russia, they returned to Ulan Bator on January 15.

The Changchun authorities paid the closest possible attention to this visit from its very beginning. According to their reports, the object of the Mongolians was to conclude a military alliance with the U.S.S.R. Whether they have succeeded in this or not remains unknown, but they have put it sufficiently clearly declaring that "every cattle-breeder in the Mongolian People's Republic is aware that the U.S.S.R. is our friend and is definitely interested in the peaceful development of Mongolia and we believe and hope that the U.S.S.R. will support us in case we become the victim of an attack on the part of aggressors" (quoted from an *Associated Press* dispatch from Moscow dated January 4).

What the Soviets and Mongolians Have Agreed

The Japanese reports do not say explicitly that the Outer Mongolians and the Soviets have concluded a military alliance similar to that existing between Japan and Manchukuo. However, according to their information, both the governments have agreed: (1) to strengthen the military power of Outer Mongolia and to increase the number of Soviet officers amongst the Outer Mongolia troops, and (2) to regulate relations and to promote cooperation between the Outer Mongolian army and the Soviet Far Eastern army. This leaves the question of Russian support of Outer Mongolia, in case it becomes the victim of aggression, open, and it is this ambiguous situation that prompts the Japanese to find out for themselves to what extent the Soviets appear to be ready to support Outer Mongolians.

From the practical point of view, it is not impossible to carry out this operation without bringing about a state of war between Japan and the U.S.S.R. For that purpose, it is only necessary to stage a frontier incident of a little bigger scale than the previous ones, to bring in reserves and to scatter the Outer Mongolians. The arrival of the Soviet troops would be a sure sign of the existence of a military pact between Outer Mongolia and the U.S.S.R. All these operations may be carried out by Manchukuoans and Barguts assisted by Manchukuo frontier guards, who—as is known—have a good many Japanese ex-soldiers amongst their ranks.

Unless my judgment is wrong (which has rarely occured in all these years), the experiment is worth trying. In case no Soviet help would be forthcoming, it will open the road to Urga and to still greater and brighter prospects in the future. However, it is not without danger; the Soviet Red Army, thinking that the war on the Soviets has begun, may strike, bringing about a catastrophe obvious to all thoughtful persons. Simple horse-sense dictates, therefore, that, before experimenting with Outer Mongolians, the Japanese will have to mobilize a little more of their army, and bring it to Manchukuo, which fact will probably remain not unknown to Comrade Marshal Blucher at Habarovsk. Bolsheviks cannot be taken unawares, neither can they be fooled. They are terrible enemies.

Harbin, January 20, 1936.

Hirota Asks World-Wide Freedom for Men and for Goods

Koki Hirota, Foreign Minister of Japan, Jan. 21, reviewed before the House of Peers the nation's relations with other powers, devoting special attention to China, the Soviet Union and the United States.

Sino-Japanese relations occupied almost a third of the address, with Mr. Hirota giving the first official version of his "three-point program" formulated last October. Mr. Hirota asserted that the Chinese Government "concurred" with his view for the necessity of the eventual recognition of Manchoukuo by China, and that the two Governments had agreed to open negotiations on "Sino-Japanese rapprochement along these lines."

The suppression of Communist activities in East Asia and the liberation of China from the Red menace were given by Mr. Hirota as matters of "vital importance" not only to China but to the world at large.

In what political circles interpreted as a reference to President Franklin D. Roosevelt's recent attack on nations that have reverted "to the laws of the sword," Mr. Hirota expressed regret "that there are abroad statesmen of repute who seem determined to impose upon others their private convictions as to how the world should be ordered and who are apt to denounce those who oppose their dictates as if they were disturbers of peace."

"No one is qualified," Mr. Hirota declared, "to talk of world peace unless he not only knows the national aspirations and obligations of his country but also understands and appreciates the standpoints of other countries."

"Japan and America are so situated," the Foreign Minister pointed out, "that they possess each a special sphere of activity of her own" and "it is impossible that the two nations should ever be brought to collision."

Mr. Hirota reiterated the Government's concern at "The excessive military works which the Soviet Union is erecting in her outlying possession—namely, in East Siberia, arousing thereby public feeling strongly, not only in Manchukuo, but also in this country."

In view of Japan's joint responsibility for the defence of Manchukuo, Mr. Hirota emphasized, the former is "automatically and directly" affected by the new Empire's political and military relations with its neighbors and specially the Soviet Union.

Minister Hirota made a strong plea for the "freedom of movement of men and goods throughout the world and the open door and equal opportunity to natural resources." He devoted much attention to Japan's "close and inseparable" relations with Manchukuo, rooted in the "alliance for common defence," and the "mutual interdependence" of the two nations, which led to the establishment of a joint economic commission."

"The unchallenged independence of Manchukuo," he asserted, "and her healthy growth now constitute an indispensable postulate for the stability of East Asia."

Mr. Hirota, while noting "some improvement" in the relations between China, Japan and Manchukuo, emphasized the "urgent necessity" to regulate further the relationships and to put them on a normal footing "so as to strengthen the foundations of peace in East Asia."

He also declared Japan's readiness to extend to China Japan's moral and material support, if the former came to a full realization of the need for the cessation of all anti-Japanese acts.

Mr. Hirota's opening sentences emphasized the advance in Nippon's international position and the attendant growth of her responsibilities.

Veterans' Bonus Measure Passed Over President Roosevelt's Veto

President Roosevelt in a brief handwritten message to Congress Jan. 24 vetoed the so-called compromise Bonus Bill of Senator Pat Harrison (Democrat, Mississippi), which both houses had passed two days previously.

In his message to Congress, containing approximately 200 words, the President referred to his message of last year in which he vetoed a similar project, and added simply: "My convictions are as impelling today as they were then, and, therefore, I cannot change them."

Subsequently the House of Representatives over-rode the President's veto by 324 votes to 61.

The Senate, Jan. 27 over-rode President Roosevelt's veto of the U. S. Veterans' Bonus Bill by 76 votes to 19. When informed of the action of the Senate, President Roosevelt ordered that the Bonus Bill be put into effect "as expeditiously as accuracy will permit."

The Bonus Bill thus made law provides that bonuses amounting to between U.S.$1,000,000,000 and U.S.$2,000,000,000 be paid to nearly 3,500,000 ex-servicemen by means of U.S.$50 "baby bonds," which may be converted into cash at the Post Office, for the purpose of encouraging veterans to retain their bonds until their maturity in 1945, instead of cashing them immediately.

In an impassioned speech a representative from Pennsylvania commented that if the members of Congress were as solicitous for their country as they were about their jobs they would never think of passing such a bonus measure, which will load a debt upon the country which eventually will have to be repudiated.

A Substitute for the A.A.A. Introduced in Congress

A two-year program involving the expenditure of $500,000,000 is embodied in a new measure agreed upon by President Roosevelt and Congressional leaders as a substitute for the defunct Agricultural Adjustment Administration, and introduced in both Houses of Congress Jan. 22. The new measure, known as the "Soil Conservation and Domestic Allotment Act," is an amendment of the "Soil Conservation Act."

A demand that the Secretary of the Treasury should furnish an immediate accounting of the Government's secret stabilization fund was urged by Hamilton Fish, Republican Representative from New York Jan. 22.

America's Favorable Balance of Trade Declines

The U.S. Department of Commerce reported Jan. 22 that 1935 had the lowest favorable balance of trade since 1910 and a decline of over 50 per cent from 1934. The favorable balance of trade in 1935 slumped to $234,000,000 as compared with $478,000,000 in 1934.

General Motors Reports Sharp Profit Jump

General Motors Corporation earned a net profit in 1935 of $167,226,000, equal to $3.69 per share. This compares with a profit of $94,769,000 for the previous year, equal to $1.99 per share.

More Than 200 Succumb from Cold in the United States

During a week of extremely cold weather which affected the whole of the United States except Florida and the Pacific Coast more than 200 persons died because of exposure to the weather. Ohio led the death-roll with 33. All traffic on the Ohio River was held up by the severest frost since 1918. Niagara Falls was frozen over for three days—something that had not happened before in living memory.

Japan Quits the London Naval Conference

BY C. Y. HSIEH (謝志 恆)

PUBLIC opinion nowadays is so much inured to the manifestations of international distrust and ill-will that it need no longer be shocked by broken negotiations, however important they are. This probably explains why Japan's withdrawal from the London Naval Conference—a fact which might easily stir the conscience of the world in a more hopeful age—has been received with the fatalistic resignation typical of the "thirties." It is not that the gravity of this event is lost on the public. The trouble is, there are so many grave issues that Nippon's fateful exit is not regarded as especially calamitous.

In a way this lack of keen popular reaction may be accounted for by the course of the naval talks. Devoid of requisite psychological conditions and convened under unhappy auguries, the Conference seemed doomed to failure before it was even opened. The intense nationalism in which the demands of participant states were framed and the obduracy with which these demands were pressed have long convinced us of the futility of any efforts aiming at naval disarmament. In this sense we are not sorry that the end has come to parleys which could serve no useful purpose anyway.

Yet such apparent relief is, in a saner moment, cold comfort. We have been too thoroughly impressed with the immense consequences of a breakdown to regard it with anything like real equanimity. We know full well that Tokyo's defection means not only the end of the Washington system, but also the passing of the Washington spirit. For this reason we can have no illusion in the future, least of all any prospect that the Powers will refrain from a naval building race. For in spite of the parting promise of the Japanese delegation not to start one, bitter experience has taught us to take the professions of "good intentions" for what they are worth.

The responsibility for the rupture was, by common consent, laid at Japan's door. That is plain enough. But why has she come to adopt her defiant, impossible stand? Is it because of the much clamored national honor? It may be, but is not necessarily so. The defiance of the Japanese, when we have come to its deeper implications, will be found to base itself on the shrewd knowledge of the lack of Anglo-American cooperation in the past and their firm belief in the unlikelihood of such cooperation in the future. Viewed in this light, the London debacle is the result of another serious failure on the part of Anglo-Saxon peoples to assume joint leadership for the promotion of international goodwill and fair play for which they are so well fitted.

Anglo-American Cooperation as a Bulwark for World Peace

The problem of Anglo-American cooperation in world affairs is one of those riddles which cannot be solved by ordinary logic. It is true that there is no real issue or conflict of interests between the sister nations on both sides of the Atlantic which may not be amicably settled. Moreover, the bond of blood and tongue and the similarity in their ideals of government and national life are all in favor of a close rapprochement. Another bloc it is impossible to find which is better placed and qualified for the role of bulwark for world peace.

But unfortunately for the international situation, many a crisis has caught Great Britain and the Unites States unprepared for a prompt, spontaneous and unmistakable common stand for a better world order. How often hasn't the well-wisher of peace been dismayed by delay and hesitation on the part of one or the other in face of a question which could admit of no doubt or division? And to what extent hasn't the cause of international justice suffered setbacks owing to vain prevarication and pedantry? Many indeed are the mistakes and lost chances during recent years; not a few of them, however, are attributable to the Anglo-Saxons.

Let us take no other issue than naval disarmament itself. It is common sense that the interests of Great Britain and the United States on the whole call, in any naval parleys involving Japan, for the continuance of the Washington Treaty and all that goes with it. I put in the qualifier "in any naval parleys involving Japan" advisedly. For whatever differences may have existed between them regarding the status of their fleets must be considered as secondary to the relations of their, to the Japanese, navies—relations having world-wide political ramifications. And as secondary issues these should be adjusted between themselves without upsetting a system which has kept peace and reduced popular burdens for a decade and a half. To this view they apparently did not subscribe, or they would not have played hide-and-seek in their recent Far Eastern policy which could not but encourage the virtual destruction of the Nine-Power Treaty, the policital rampart of the Five-Power Naval Treaty. After furnishing Japan with political and military reasons for denouncing the latter, they even proceeded to give her a semblance of moral sanction. For while the American delegation has all along insisted on keeping the old naval ratio, it was not until the Japanese were quitting the Naval Conference that Britain, through Viscount Monsell of Evesham, declared belatedly that "the Washington Treaty offered the best guarantee of security". Ah, if only this had been Britain's consistent view, and if only a common Anglo-American front were formed on that score from the very outset!

Actually the preliminary talks held in London late in 1934 told another story. They revealed at once discrepancies between American and British views which the Japanese were quick to exploit to the limit. It appeared that the British proposal on qualitative disarmament bore more points in common with the Japanese than with the American. Even in the quantitative phase Anglo-American understanding is by no means complete. The American delegates held the 5-5-3 ratio to be as feasible now as ever, but their Britsih colleagues while endorsing lower tonnage for Japan were not so sure about the Anglo-American parity. Evidence is not lacking that the British have not quite reconciled themselves to the waiving of naval supremacy which they so graciously made in 1922, and that they would not have been sorry if the old ratio were discarded for an arrangement more to their advantage. Writings of such naval experts as Admiral Sir Herbert Richmond have as their ostensible theme, of course, the retention of the old ratio; yet the unmistakable undertone in them which often drowns that theme is that changed times and circumstances may have deprived the American claim to naval equality with Great Britain of a good part of its raison d'etre. On the other hand, Britain has throughout shown her readiness to come to a compromise with the Japanese. It is only when political understanding with Tokyo proved unattainable that she reverted to singing a pious requiem to the Washington Treaty.

Now that Japan has quit the Naval Conference, it may not be out of place to take stock of some of the more serious effects. The "gentlemen's agreement" on naval bases in the Pacific will soon lapse, and with it fortifications will become a lively issue. Already such names as Singapore, Hongkong, possibly the Kra Canal, the Aleutians and the string of islands included in the Trans-Pacific Air-Mail Service have acquired greater and greater strategic connotation. As another sign of the times, it is worth noting that the inauguration of the Philippine Commonwealth has been followed by a decided swerve of American public opinion in favor of greater political and military assistance by the United States to the island republic. Even the Netherlands East Indies have to bestir themselves over the oils they hold, which the Japanese have made no secret of coveting. It may be pertinent also to predict that the question of Japan's mandated islands in the Southern Pacific, which she has governed as part of her territory, will have to be reexamined in the light of her latest challenging attitude.

The Japanese Challenge

For a challenge it is meant to be. Henceforth, Japan's activities on the Continent, chiefly at the expense of China, will be determined by that motive. From what has happened lately two tendencies are clearly definable—namely, the making of a base of military operations out of "Manchukuo" and North China and the penetration and eventual control of South China and Siam. The former will serve as a spearhead in case of conflict against the Soviets, or a reservoir of raw materials in the event of Japan fighting a defensive naval war against the United States or Britain or both; the latter, a foothold to dominate over British and American defences in the Southwestern Pacific. Japan's whole idea now is to make herself less vulnerable to the effects of a possible naval blockade by the Anglo-Saxon Powers by assuring safe access to the Continent through the stretch of water which has already become a Japanese lake. Insofar as this proves true, there is some point in Japan's declaration that she will not start a naval building race. On the other hand, this will lead to a more aggressive China policy and make a clash with the Soviets more likely.

Japan's withdrawal from the Naval Conference has made 1936 what it was prophesied to be—a critical year. The danger may take one of two forms: Either it will come as a Pacific conflict, or it will develop into a general war of fascist countries—i.e., Japan, Germany and Italy—against the rest of the world. In any case, if the Anglo-Saxon Powers can pool their strength for the maintenance of peace, there is still a chance that the much-disturbed equilibrium will not be overturned. It all depends on how far London and Washington can work together in rallying pacifist states and in checking dark forces. Well says T. A. Bisson, research associate of the Foreign Policy Association: "Cooperation of the United States with Great Britain and the Soviet Union, through the revival of the League of Nations' Committee on the Manchurian dispute, offers the best method of blocking Japan's aggression in China"—hence, of preserving world peace.

Japanese Government Denies Rumors of Alliance with Germany

The Japanese Government has issued denials of current reports that Japan and Germany have reached an understanding for an alliance, according to information from the Ministry of Foreign Affairs published in a *Central News* message from Nanking Jan. 28.

It was stated that Mr. Hirota, Japanese Foreign Minister, has sent instructions to the Japanese diplomatic representatives abroad o deny such reports.

Mortgage Law and the Shanghai Land Problem

BY ANNA GINSBOURG

THE most animated press polemics of the last few months in Shanghai have been centered around the campaign, launched by several Chinese institutions, for the reform of the Land Mortgage Regulations of China, which subject had the good fortune to become a topical one not only to a limited number of experts especially interested in the line, but to almost every businessman of the city whose individual fortune happened to be involved in the satisfactory solution of the problem in question.

This peculiar fact is due to the extraordinarily important role which land values play in the financial welfare of Shanghai and activities in the local money market. The fall and rise in the value of land is closely interwoven with tightening and loosening of credit, and vice versa, these two factors thus forming a vicious circle.

The present economic crisis and depression in all lines of business in the city might be chiefly ascribed to the decline in value of real estate, witnessed last year as a result of the "silver purchasing policy" of the United States, which brought with it an extensive exportation of silver by foreign banks. The latter temporarily stopped granting loans under security of land property and refused the renewal of existing mortgages. As a result of this sudden blow the market became congested with a tremendous amount of real estate seeking mortgages, thus making inevitable a strong decrease in the value of land. And as land in Shanghai has always been regarded by investors, as well as by general public, as the most valuable and the most permanent security, it is only natural that the unprecedented fall of its value shook the whole system of credit, further aggravating the general depression.

Moreover, under the present Mortgage Law, no protection is given to the interests of a mortgagee wishing to obtain satisfaction upon the maturity of his mortgage. According to the Judicial's Yuan interpretation No. 493, character Yuan, "a mortgagee, intending to sell by auction any mortgaged property in the exercise of his rights, must first bring an action to Court and wait until judgement becomes final." This provision tends towards completly nullifying all the principles involved in mortgage deeds, as it affords all manner of opportunities for a defaulting mortgagor to obtain unwarranted delays in fulfillment of his obligations and does not provide any sufficiently expeditious machinery for the exercise of the mortgagee's rights.

As a natural consequence of this abnormal situation, created by Law with a view to ensuring safety in the practice of obtaining by a mortgagee his right to sell the mortgaged property, mortgages begin to be regarded with disfavor by future mortgagees, i.e. persons or establishments in possession of money and willing to invest it against a solid security. The number of landowners seeking loans gradually increases, the land lies "dead" and its value depreciates with every hour. At present it is difficult to raise even 20% of the assessed value of the land when it is being offered as security.

The only means to save the situation is to revise the law regulating mortgages, so as to ensure ease in obtaining satisfaction upon maturity of the loan under mortgage. Unless the rights of a mortgagee can be exercised definitely, effectively and with reasonable despatch, no way out of the present difficulties is foreseen.

Provisions of Chinese Civil Code

There is no special Mortgage Law in China. Articles 860-883 inclusive of the Civil Code of China represent the whole set of provisions governing the mortgage of immovable property. With reference to the point in question at present, namely: the procedure by which a mortgagee is entitled to exercise his rights, Article 873 of the Civil Code provides that:

"When the debt is not paid at its maturity, the mortgagee may apply to the Court for the sale by auction of the mortgaged property and obtain satisfaction out of the proceeds of sale."

Compared with Anglo-American and European systems governing the same procedure, Chinese Law in this respect appears perfectly up-todate. Russian pre-revolutionary Law provided that a mortgagee had to apply to Court for permission to sell the mortgaged property. Civil Codes of Germany and Switzerland state that a mortgage upon default of payment on maturity should apply for disposal of the mortgaged property in accordance with the Rules of Execution. The British and American Law differ with them in this ruling, but agree in the point that a mortgagee does not have to wait for the final judgement of the Court to dispose of the mortgaged property.

The present Chinese Law, evidently based upon the German-Swiss example, is quite satisfactory as it stands. What is desirable is that the Judicial Yuan should revoke its interpretation of Art. 873.

Petition to Government

As early as last autumn a petition of certain influential bodies of Chinese citizens was presented to the Government, urging speedy reform of the Mortgage Laws. Reference was made to the special conditions prevailing in Shanghai and the Government was asked to promulgate a special law or regulation so that the exercise of the rights under mortgage may not be encumbered by Interpretation No. 493, but subjected merely to provisions of Art. 873 of the Civil Code. Outside of that the Government was requested to formulate and promulgate the Law for Land Registration and the Law governing Sale by Public Auction, mentioned in section I or Art. 3 of the Rules for Enforcement of the Chapter on Things in the Civil Code.

There was a general belief that the authorities would not remain unresponsive to this plea but perceived the great need for such reform, which would again restore confidence in Land and allow this form of investment to regain its original popularity.

On the subject of Mortgage Law reform a great deal has lately been proposed through the medium of the Press. Among various proposals recently made, attention should be given to the series made by J. K. Choy, newly appointed Land Commissioner of Shanghai, to which he gave much publicity during November last.

Land Commissioner's Suggested Reforms

The Provisional Regulations, worked out by Mr. Choy personally and submitted in the name of the Land Bureau to the City Government of Shanghai which had to transmit them further, provide, in essence, the following:

1. All land in the city of Shanghai has to be registered with the Land Bureau, officially surveyed and certified in its right of ownership as evidenced by a land certificate or a title deed of perpetual lease; only such land shall be eligible for mortgage.

2. The mortgagee, upon the payment of his loan being defaulted at its maturity shall have the right to sell the mortgaged property directly by auction;

3. Any dispute regarding the sale of the mortgage, on production of new evidence affecting the legal title of the mortgagor, shall be referred to the Land Tribunal under the Land Laws, and before the establishment of the Tribunal, to the Court;

4. In case of necessity, the mortgagee shall provide a guarantee as a condition for the sale of the mortgaged property.

Mr. Choy's proposals failed to meet, however, with the enthusiastic support of both the Chinese and foreign communities who were not convinced of the soundness of his projects. The registration of all mortgages with the Land Bureau has met with exceedingly strong objections. It is quite true that, instead of simplifying the present procedure, the scheme seems to complicate it unduly. In place of proceedings in the local District Court, the mortgagee will be faced with the Chinese Land Bureau, a Land Tribunal and also a District Court. Moreover, foreigners have expressed an objection against being submitted to the jurisdiction of the Land Bureau or the proposed Land Tribunal; the necessity for a mortgagee to furnish security as a condition for a sale by auction also hasn't met with the approval of the foreign part of the community, who even took the last proposal as insulting to the necessary amount of confidence always invested in deeds of that kind.

There can be no question as to the soundness of the outlined objections. Any attempt to introduce a more complicated procedure would still further diminish the value of mortgages as instruments of finance in the Shanghai market. What is most desirable is the simplification and speeding up of procedure relating to mortgages. The scheme, as it stands to-day, is clear-cut and definite: to simplify the procedure of what is called in England "foreclosure."

What Is the System of Foreclosure?

There exists under Anglo-American Law the system of the so-called "foreclosure," which is: recognition by the British Law of Equity and the majority of the laws of the American States of the right of the mortgagee to obtain *by agreement with the mortgagor* the power to sell the mortgaged property by auction upon default of payment on maturity.

The system of foreclosure has been practiced in Shanghai for at least 50 years by British investors in all loans made to Chinese. The insertion in the Mortgage Deed of an express power of sale so as to enable the Mortgagee, should the Mortgagor default in the payment on maturity date, to exercise such power of sale without the necessity of having to apply to a Court for an order of sale, became the common practice long ago.

The main difficulty with which we are confronted at present is the attitude, lately adopted by the Chinese authorities, viz: that such a power of sale is inoperative, and of no effect, and that the mortgaged property can only be sold under order of a Chinese Court.

There are no provisions in the Chinese Civil Code in support of this attitude precluding a person from entering into a contract of mortgage which contains an express power of sale and rendering such a contract of mortgage illegal.

The solution to the whole problem in question is more than simple. Chinese authorities should introduce the "system of foreclosure" by permitting a mortgagee to exercise an express power

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of sale where such appears in his Mortgage Deed as an extra-judicial remedy.

Government's Attitude Towards the Plea of Reforms

With much strain were the petitioners to the Government waiting for its reaction towards the united pressure made on it by Chinese and foreign opinion alike. The readiness with which the Chinese authorities have taken up the study of the matter has justified the anticipation of all those most eagerly desiring swift action on its part. Indeed the Government showed itself alive to the need for immediate action.

In reply to the petition submitted to the Government by the Land Bureau on the 20th of November, 1935, suggesting Provisional Regulations, an order of the Executive Yuan was received as early as 29th of December of the same year, which read as follows:

"Your petition dated November 20, 1935, with attached documents, has been duly considered. The draft proposal for the foreclosure of land mortgages with land certificates, to be applied in the City of Shanghai, has been found at variance with the letter of the Law as embodied in the Civil Code. Approval is therefore reserved."

As clearly expressed here, the Government took the side of public opinion with reference to the proposed reforms of the Land Law submitted by the Bureau of Land, and it should be congratulated in this respect. Moreover, the Executive Yuan has requested the Judicial Yuan to elucidate the latter's interpretation No. 493 and asked the Legislative Yuan to promulgate a special Registration Law and a Law of Sale of immovable property. How swift the action of the Legislative Yuan has been we can judge by the fact that, according to the Kuo Min News Agency's cable of the 18th inst. from Nanking, the following conclusion was reached by it with reference to Art. 873, Par. 1 of the Civil Code:

"According to Paragraph 1, Art. 873 of the Civil Code, the mortgagee who has not been paid at the maturity of an obligation in his favor may have the mortgaged property sold by auction as a measure of prudence; however, he should apply to the Court for the sale thereof. For the sale of such property, however, *no final judgment of the Court is necessary.* The procedure for the auction of mortgaged property will be provided for in the Law governing the Compulsory Execution of Court judgments, which is in the course of enactment by the Yuan".

The quoted decision of the Legislative Yuan in the line of amendment of the Law relating to the procedure by which the mortgagee is entitled to exercise his rights is all that we could expect from the Government, which could not remain blind to the practical value of an auction, removing a very important obstacle to general recovery.

There is no doubt that the results of the changed situation will very soon become evident. The removal of the undue intervention between the mortgagee and the mortgagor will serve to rehabilitate land values in Shanghai and preserve the security and the liquidity of land investments in their integrity.

The recent order of the Ministry of Finance addressed to the Central Bank, the Bank of China and the Bank of Communications aiming at the establishment by them of a special institution for acceptance of real estate mortgages is a favourable response to repeated demands by trade associations and should be fully appreciated as an extra measure, striking at the root of the existing appalling conditions.

Need for Further Reforms

Now since the entire case at this juncture is being thoroughly investigated with a view to final adjustment, the time has never been more appropriate to voice our own suggestions:—

With much disappointment have we met the refusal of the Legislative Yuan to codify and promulgate special laws governing the mortgage of immovable property. It is quite clear to any person, not necessarily versed in Law, that it is essential for the future prosperity of the city that the whole legal aspect of the land business in Shanghai should be revised. The depression served to accentuate the inefficiency of the law relating to real estate in China and revealed its relation to general prosperity.

It is very clear at present that the legal side of the matter is the cause of all ills and that it is the Law, and Law only, in this respect that should be remedied, thus easing the whole situation.

The Legislative Yuan, in our opinion, acted with too much dispatch in rejecting the proposal of the Ministry of Finance, supported by petitions of such influential bodies as the Shanghai Chamber of Commerce, etc., all urging the revision of the entire Mortgage Law. But even now it is not too late for jurists, legal experts or anyone having more or less close relation to judicial or legal affairs, to approach the Government and point out the necessity for a revision of the whole Law relating to Land.

The time never will be more suitable for united pressure on the Government in this respect than it is at the present moment. It is up to those closely interested in the issue to take the lead. The Legal profession should also by no means be idle, being fully aware of the necessity of reform and gravity of the present situation.

We would suggest collective representations to the authorities responsible for formulating the Laws of the country and the sooner this done, the better.

Shanghai, January 22, 1936.

What the Chinese Masses Think of the Sino-Japanese Conference in Nanking

BY C. Y. W. MENG (孟長泳)

YASUMA, the Japanese Consul General in Nanking, has returned to China, and is said to have been armed with fresh instructions from Tokyo to re-open negotiations with China for the readjustment of Sino-Japanese relations. We say the "re-opening" of the negotiations, because the same negotiations took place before when the Chiang-Ariyoshi Conferences were held in Nanking, the result of which, though not known, is generally believed to be inconclusive except for giving of assurances of "friendliness" by both parties. With the coming of the new Japanese Ambassador to China, the negotiations will be resumed. Nanking will again be the center of interest in Far Eastern politics.

General Principles—Direct Negotiations

In the early part of January, papers in the Capital all carried news to the effect that "reports from diplomatic circles have it that China and Japan have already agreed to certain general principles for the readjustment of Sino-Japanese relations, but they have not yet discussed the detailed manner and procedure." What is meant by certain general principles, according to our information, is that China and Japan agreed to open direct negotiations to solve outstanding Sino-Japanese problems.

It is recalled that right after the fall of the city of Mukden, but before the fall of the city of Chingchow, another strategical city south of Mukden, some veteran Chinese diplomats proposed making Chingchow a neutralized zone to be guarded by the troops of other powers; and in the meantime, opening negotiations with Japan for settlement of the dispute. But Nanking rejected this proposed and demanded "no negotiation without first the withdrawal of Japanese troops." At a meeting of the League of Nations, Japan again proposed "direct negotiations" between China and Japan to readjust their differences. To this, China again could not agree. That is to say, Japan proposed direct negotiations with China, and China opposed the proposal.

But now, according to the Japanese report, China has recently proposed a conference with Japan to readjust Sino-Japanese relations to which Japan agreed. In other words, China did not resort to direct negotiations with Japan when it was an appropriate time to do so, but China has agreed to do so at the present time when the situation is far worse than just before the fall of Chingchow when direct negotiations were advisable. To open direct negotiations with Japan at the present time and under present conditions not only makes China's success an impossibility, but also will greatly harm China. By doing so, China is likely to receive bitter criticisms and sharp rebukes from the world, such as, "China deserves Geneva but turns to Tokyo"; "China fails at last to resist the Japanese demand for direct negotiations"; "China is now under the dictates of Japan," etc. In other words, to fail to open direct negotiations with Japan before the fall of Chingchow was a blunder committed by Nanking and a shortsighted policy; and to open negotiations at the present time and under present conditions is indeed ill-timed.

The Possibility of Sino-Japanese Friendliness

How Nanking would answer these charges, we do not know. But let us ask, first of all: Under present conditions, fundamentally, is there any possibility for better Sino-Japanese friendship?

The argument that China and Japan are people of the same race having the same civilization is no longer true today. Should the racial factor be of any importance, Germany and France would not be traditional enemies. Secondly, traditionally speaking, Japan has always been a troublesome neighbor to China. Even as early as the Sung, Yuan, Ming and Ching Dynastries, the islanders always gave China lots of trouble. The pyramidic tombs of the Unknown Tribes thoroughout the Province of Fukien tell us that our neighbors once invaded this province, and the Chinese put up stiff resistance against the invasion several centuries ago. Under both the Chinese Republic and the Nationalist Regime, the aggressive policy of our neighbors towards China remained the same as before. A brief study of Sino-Japanese history will tell us of the many attempts of the islanders to meddle in Chinese politics and destroy every prospect of Chinese national unification, culminating in the Mukden Invasion on the fatal night of September 18, 1931. Thirdly, it is not true that it is only the Japanese militarists who plan the invasion and conquest of China, but the whole Japanese nation, the only difference being in the method and degree of aggression. Fourthly, due to the traditional Japanese belief that the "existence of the Japanese nation depends on the weakness of China," and that "once China becomes strong, Japan would be out of existence." The Japanese people believe this so much that to them, between China and Japan, only one can exist, and the other can only be subjected. So on the ground that Japan is short of all indispensible natural resources, Japan is duty-bound to find her supply of raw materials where she can. But further, on the ground that as it is too late for Japan to seek for more land and raw materials in such places as Africa, Australia, etc., Japan has to turn her attention to China where there exists a large acerage of uncultivated land and plenty of all natural resources. Underneath however, is the motive that Japan will not permit China to grow, for "the existence of the Japanese nation depends on the weakness of China."

Such are some of the special characteristics of Sino-Japanese relations. With such a background in our mind, when the "possibility" of cultivating better friendship is questioned, the Chinese masses can not but express their pessimism and can not but answer that the possibility is very small, if not altogether nil. To talk of "friendship" with Japan is tantamount "to talk with a tiger in an attempt to skin him." Fundamentally, Sino-Japanese interests are in conflict. China and Japan can co-exist and mutually prosper only if China can find land and raw materials for Japan—which, in other words, is purely an impossibility.

The Three Basic Principles

Tokyo officials have repeatedly told the world that the Sino-Japanese conference would be based on "Three Basic Principles." The Japanese foreign minister, in his speech, even went on to tell the Japanese House of Peers that China had agreed to these "Principles", so a study of these Basic Principles will do much in giving us a better idea of the coming conference.

While no official text of the so-called "Three Basic Principles" has been published, the following is generally regarded as the most authoritve text of Hirota's Basic Principles. They are:—

1. China must abandon her policy of bidding one barbarian against the other;
2. China must respect the fact of the existence of "Manchukuo;"
3. China and Japan must jointly take effective measures to prevent the spread of communism to the region of North China.

From the above, it is very clear that by Basic Principle No. 1, Japan demands not only the total suppression of all Chinese patriotic activities, but wants also to isolate China and prevent her from joining with America and Great Britain to form Sino-American-Anglo co-operation in the Far East. This step has now become particularly important to Japan in view of the fact that Japan has already withdrawn from the Naval Conference. The Japanese themselves know well that by withdrawal from the Conference, they will be isolated, and that the much talked of Anglo-American co-operation will become a reality. By Basic Principle No. 2; Japan expressly demands the recognition of Manchukuo by China. By Basic Principle No. 3, Japan wants to tie China's hands in joining with Russia to form Sino-Russo co-operation to oppose Japanese militarism in Asia.

Nanking might go ahead and adopt a policy of extreme compliance to Japanese demands, but we believe that no government in Nanking is courageous enough to sign any agreement which provides for the recognition of Manchukuo. Nanking might be very poor in employing diplomacy to cope with the situation, but we believe that she would not be so foolish as to tie her own hands by some agreement or understanding with Japan, thus isolating herself, particularly at the moment when the world's sympathies are with her and when the powers are willing to offer some assistance after the rupture of the Naval Conference. Indeed, due to territorial proximity and commonness of interest, it is only logical that China and Russia should stand together to defend themselves. Indeed, due to the seriousness of the situation, it is but logical that China should take steps towards the realization of Sino-Russo co-operation, forgetting all about the Red Menace.

That China can not agree to these "Basic Principles" can be seen by a denial from a spokesman of the Ministry of Foreign Affairs who stated that China had never agreed to these principles, adding that when Mr. Hirota proposed them to the Chinese Ambassador in Tokyo, China demanded to know what the concrete proposals of the Basic Principles were, but the question remains still unanswered. So from the standpoint of the general principles of discussion, the coming Sino-Japanese Conference is bound to be a failure.

The Eve of the Coming Conference

While Nanking and Tokyo talk much about "friendship," "co-operation," etc., let us ask: What is the situation in North China today? It is not necessary for us to repeat here the many bitter experiences which have developed within the recent few months, such as the establishment of the "Autonomous Regime" under the leadership of Yin Ju-keng; the formation of the Political Council of Hopei and Charhar; the "annexation" of six hsiens in Eastern Charhar to Manchukuo; the Japanese agitation to induce the Inner Mongolians to declare their independence from the Central Government, etc. At present the Japanese military leaders and "plotters," under the leadership of Maj.-General Doihara, are working harder than ever before to bring about the removal of the capital of

Manchukuo from Mukden to Peiping on March 1st, 1936—only one month from now; to bring strong military pressure to bear upon General Han Fu-chu of Shantung and General Yen Shih-san of Shansi to join the "autonomous regime" in the North, and to "knock out" General Sung Chi-yuan, commander of 29th Route Army and once the hero of Hsifengchow Battle, and to replace him with such "bandit-leaders" and "grey generals" as Liu Kwei-tang, Shih Yu-san, etc. Whether the Japanese militarists and plotters, who have apparently succeeded in wresting another two provinces (Hopei and Chahar) from China, will also succeed in wresting two more additional provinces (Shantung and Shansi), and whether General Sung Chi-yuan will peacefully quit his army and go into retirement, no one can say at present, but the question is: Under such conditions when Japanese aggression in China has become far worse than ever before, what is the use of calling any Sino-Japanese conference?

"Fait Accompli"

This drives us to ask why on one hand, Japan goes on with her aggression in China; and, on the other, agrees to open direct negotiations with China. Or, in other words, what is the Japanese motive in having another conference with China? Certainly, the islanders are not motivated by the desire to cultivate better "friendship" with China.

Here the application of the principle of the "fait accompli" will answer all questions. Students of Oriental history will remember that the Japanese annexation of Korea in 1910 was achieved by the application of the principle of the fait accompli. By forcing China to open direct postal and traffic services between North China and Manchukuo, Japan was merely applying the old tactics and employing the same principle in annexing Manchuria from China. By forcing the Administration of the Peiping-Liaoning Railway to appropriate a sum of $100,000 monthly to Yin's Eastern Hopei Autonomous Government; and further, by forcing the Political Council of Hopei and Chahar to open through traffic with the same autonomous body, Japan makes it very clear that she is using the same tactics in wresting two more provinces from China. Claiming ownership over the territory of another by the principle of a fait accompli seems to be easiest way of conquering new territory without a single shot.

Report already has it that the Japanese agree to the holding of another Sino-Japanese conference in Nanking, but demand that the problem of North China should not be discussed at the conference, obviously, on the ground that it is only a "local issue" and is already a "fait accompli." In other words, the Japanese militarists in North China—far more aggressive than ever before—have another motive in mind. That is, when the conference is in session, the Japanese could make use of this principle to claim ownership over the Chinese Northern Provinces by the principle of a fait accompli. When the participants to the conference come with such a motive underneath, there is no question that they come "without any sincerity" to readjust Sino-Japanese relations. So China might regard the coming conference as of great importance, but Japan regards it as a chance to demand that China recognize the fait accompli.

To sum up, we conclude that to hold Sino-Japanese direct negotiations at the present time and under present conditions is ill-timed; that fundamentally there is no possibility of cultivating better friendship with Japan due to conflict of Sino-Japanese interests and due to the Japanese traditional belief in the rival relations between the two neighbors; and lastly, the Japanese motive in agreeing to have another conference is to demand that China recognize a fait accompli. So China must be alert and aware that the islanders are professional and tricky "plotters" who are now again planning another "plot" against China!

Nanking, January 25, 1936.

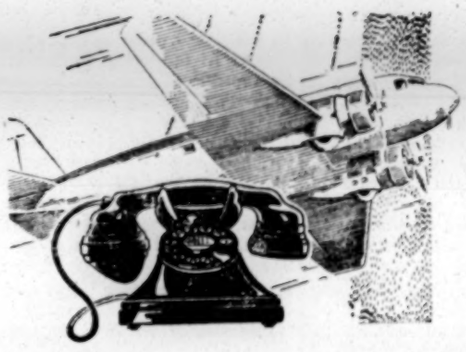
Border Incident Marks Fourth Anniversary of Japanese Onslaught on Shanghai

The Reserve Unit of the Shanghai International Police was called out and the gates in Cunningham Road and Shansi Road, leading from Boundary Road to the Foreign Settlement were closed in the evening of Jan. 28 when the Settlement Police frustrated an attempt by a group of several hundred Chinese to stage a demonstration in the Settlement. They came from the North Railway Station, and it was reported that one of their objects was to wreck the News Censorship Bureau.

The group had gathered in the morning in the Chinese Chamber of Commerce in North Soochow Road, from where they marched to Miaohong in the afternoon and paid respects in front of an unknown soldier's tomb on the occasion of the fourth anniversary of the Sino-Japanese hostilities. Returning to Shanghai in a train from Kiangwan, the group forced the driver to stop the locomotive at the North Railway Station. Following their failure to enter the Settlement, the group gathered in front of the old factory of the Commercial Press in Paoshan Road.

The incident had its genesis in the fact that it was the fourth anniversary of the start of the Sino-Japanese conflict in Shanghai. The North Station and vicinity was the scene of exceptionally heavy fighting.

WINGS TO YOUR WORDS



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M. T. Mag 2-36

Some of the Reasons Why I Failed to Secure a Government Post

BY T. S. YOUNG

I HAVE been back from the United States for ten years. During this long interval, I have been assiduously exploring every avenue in launching myself into government service and tried hard to learn the secrets of "how to curry favor with the big officials." Notwithstanding my painstaking attempts and efforts, I have not succeeded in securing a government post, to the disappointment of my parents and many relatives, who have pinned high hopes on me for their own salvation. Now I resign myself to my fate, and am content to die without any official title in my funeral notice. However, I believe I would not have turned out a failure, had I been blessed with a modern girl as my wife; for if my wife was a modern girl, she could be made to play all sorts of political games other women have done for their ambitious husbands.

It may be interesting to tell how I came to marry a girl of the old school. When I was about to finish my studies at the high school, I was strongly hit by a notion of going to the United States for higher education. At that time, just after the World War, the silver price was very high, and a Chinese dollar was worth more than a gold dollar. I told my father of my plan and begged for his financial support. Without hesitation, he gave his approval but on the condition that I should get married before I went abroad. My father, it must be said, is a very progressive business man, but, on this matter of matrimony, he has always had a strong prejudice against the modern practice that young men should chose their own wives.

My father was adamant in his attitude and rejected all the excuses I could concoct for changing his mind altogether or deferring my marriage until after I finished my studies. For more than two months, I was in a great dilemma and debated within myself as to which road I should choose—either my happiness or my career. Having had great curiosity to see a foreign country, I finally yielded to my father's wish, and married a girl whom I had never seen before. A month following my marriage —in August, 1920—I packed up my trunks and set out to the land of my dreams with the blessings of my parents and also my new wife.

Return from United States Was a Gala Event

My sojourn in the United States was a very happy one. Though married, I had not an iota of family cares and worries, and utilized every leisure hour in sightseeing. I did not return home until the winter of 1925, when I was very tired of being fed on bread and butter. The day of my homecoming, I still remember, was a gala event to my family, and many of my relatives, who were jobless at that time, were especially warm in extending their welcome to me. (I was subsequently told that they had counted on me to solve their problem of unemployment.) At that time, I was a youth full of hopes and ambitions and had great confidence in my ability to render valuable service to my country.

Since my return, I have tried hard to enter government service so as to fulfill the expectations of my many relatives; but I have not been able to secure even a small political position. My father, who has always been very kind to me, has not been able to conceal his disappointment at my abject failure, and once bluntly told me, "Mr. So and So's son, without the benefit of any foreign education, now holds a very important political post." Many of the relatives, who frequented my house during the first year after my homecoming, have turned the cold shoulders on me and confided to my father that the investment he made would never bring adequate returns. Even my wife who worshipped me as an oracle immediately after my return has become convinced that a returned student is not an oracle, but an ordinary human being.

Yes, I am a failure insofar as my political dreams are concerned. Having no mind to put up any alibi, I, however, must attribute part of my failure to the conservatism of my wife. To do her justice, she is an excellent housekeeper and a good mother. Her education is limited to old classics, taught by her uncle, who was reputed to be a scholar of no mean caliber in my native city. She is a good calligraphist, and her penmanship has been favorably commended by my friends. Being frugal by nature, she has never spent any money in beautifying herself. She avoids meeting women of high rank, and becomes shy at the sight of a strange man. In a word, she is a very conservative and domestic woman, to whom dancing and playing mah-jongg with male friends are improper, if not immoral.

With such a fine sense of morality and virtue, my wife can not be expected to mix with my official friends and their wives, who, as a rule, are of the modern type. Whenever I receive any invitation to dinner or tea, I have to attend all by myself. This conservatism on the part of my wife has placed me in a very disadvantageous position, because, without her assistance, I can not work myself into the inner circle of my official friends, and I have been always looked upon as an outsider. The secret of success of many of my friends is not due so much to their competence and education, as to the fact that their wives can secure "inside pulls" for them. I always believe if my wife could forget the conventions and play the political game for me, I could be just as successful as many of my friends.

I have tried to reform my wife by interesting her in dancing and card games, and encouraging her to establish intimate connections with the wives of my official friends but to my acute disappointment, all my attempts have been of no avail, inasmuch as she is as obdurately conservative, and has refused to listen to my entreaties. Sometimes, in despair, I have been nearly on the point of taking the bold step of getting rid of her through divorce, so that I could marry a modern girl, who could play the game for me. But how can I conscientiously take such a step, when she has always been dutiful to my parents and faithful to me, and, what is more, she has brought forth male offsprings for me?

A Readiness to Please Wives

The oft-repeated statement that our official world is now being ruled by women may be an exaggeration, but there is some truth in it. Many of our influential officials have seemed to be very devoted husbands, and have been ever-ready to do everything to please their wives. The story that a certain official, a few years ago, habitually spent as much as twenty-five dollars for a pair of silk stockings for his wife is now still told with interest. A few days ago, a high official gave $100,000 to a Soochow girl as a gift at the time of their engagement. It is an open secret that the wives of many of our present influential officials have played very important parts in government affairs, and that the easiest way to secure official appointment and promotion is to attach oneself to the apron string of some influential ladies. "Inside pull," we have been told, is a key to political fortune and fame.

I would have still a better chance to make my political fortune, if my wife were a movie actress, or a "standard beauty," or a society butterfly, or a school "queen." Many of our high officials are great lovers, and they have taken a special pride in befriending such women and showering favors upon them even to the extent of acting as their carriagemen or bodyguards. It has been said and believed that the recent wedding of a movie actress was only made possible, after she, through her intimate friendship with a certain official, secured for her betrothed—a person engaged in import and export business—a fat government contract, the commission of which has been said to be more than $50,000.

Though I have had wide political dreams, I would not stoop so low as to urge my wife to be the plaything of big men. Besides, my wife has not bright eyes and a peach complexion. Possibly she has realized herself that she is not qualified to play the role of a modern girl, and therefore she has steadfastly resisted all my attempts at her reformation. After having vainly sought my political fortune for the past ten years, I am now reconciled to my fate. Moreover I agree with my wife that we are too conservative to live in this modern world, because we can not conscientiously seek money and power at the sacrifice of our honor.

While my political dreams may be left unfulfilled, I nevertheless have the consolation that I have never been called upon to pay heavy bills for my wife's dresses and embellishments. If my wife were a modern girl, I might through her assistance secure a government post, but the political fortune I might make would not perhaps be sufficient to cover her personal expenses. So why should I become a slave to my wife, when I can be a free man and why should I complain of my lottery marriage, when I myself can not make a better choice?

Publishers Are Opposed to Simplified Chinese Characters

After a few months' short lived existence, the set of simplified characters of the Chinese language promulgated by the Ministry of Education is now to be dropped from use according to a recent resolution adopted by the Central Political Council.

This resolution, it is learned, was adopted in consideration of the joint petitions of several publishing houses which state that the compulsory adoption of these simplified chracters would necessitate the replacing of a large number of types and the disuse of the existing ones. Such replacement, it is stated, would cause heavy losses to their business.

It is learned in this connection that the Ministry of Education is now contemplating new measures by which the convenience of the people and the interests of the publishers may at the same time be facilitated and safeguarded.

North China Universities Reported Moving to Hunan Province

(BY THE REVIEW'S HANKOW CORRESPONDENT)

FROM Changsha, Hunan, comes the report that three North China Chinese universities are planning to move south due to the uncongenial atmosphere descending on Peiping and environs from the northeast. The three universities are the National Peking, Tsing Hwa, and Yenching. Dr. Leo Tze-wai is said to have rented a certain Bible School in Changsha as temporary premises for Yenching University, of which he is president. Dr. Mei Yi-chi, chancellor of the National Tsing Hwa University, after consulting with Governor Ho Chien of Hunan, has secured permission to rent buildings in Changsha to house his institution temporarily. Meanwhile a special representative is investigating a new suitable location for the university in Nanyo, with the ultimate intention of erecting new buildings. In addition, Dr. Chiang Mon-liang, chancellor of the National Peking University, is contemplating the removal of the university library to Nanyo in the near future and planning to build new buildings to make it possible to remove the whole institution to Hunan.

Hunan-Kweichow Highway Nearing Completion

Six weeks is the limit set by General Ho Chien for the completion of the Hunan-Kweichow Interprovincial Highway. The great importance attached to this highway is due to its strategic significance from a military point of view. The provincial troops of Hunan hope to use it to advantage in fighting the Reds.

Hunanese Troops Claim Victory Over Reds

Hunanese troops after severe fighting against the forces of Ho Lung and Hsiao Keh, claim to have regained the city of Kiangkow, in eastern Kweichow. These government troops are the 15th Division under Major-General Wang Tung-yuan, and the 16th Division under Lieut.-General Chang Liang-chi. The Reds were last reported as fleeing in the direction of Shihtsien, ca. 30 miles southwest of Kiangkow.

Missionary Bosshardt Reported in a Serious State

From local sources we learn that Rev. Bosshardt was last seen on Dec. 31 at Chihkiang in the house of some friendly Chinese. Later he was seen walking through the streets with his feet wrapped in rags and bound in straw sandals. He appeared to be very tired, as he trudged along with his hands bound behind him. Proceeding the next day to Pienshui, 70 li distant, the Reds were compelled to carry Mr. Bosshardt half way because his strength gave out. The Communists were seen by Chinese friendly to the missionary to bind his hands and feet together and to swing him on a bamboo pole. One of the messengers reported seeing him fall into the river while crossing near Chenki, and he was not given the opportunity to change clothes. As a result of his continual exposure, he is suffering from rheumatism in his legs.

Leith-Ross's Peregrinations

What was reported at the time of their departure for Chungking as a three week tour of investigation in Szechuan, proved to be only a three hour tour of Chungking city for Sir Frederick and Lady Leith-Ross. The visit to the west proved to be mainly in the nature of a private pleasure trip to see the famous Yangtze Gorges. Arriving in the upriver port at two o'clock in the afternoon, they were welcomed at the airdrome by British and Chinese officials, including the British Consul and the Commisioner of Foreign Affairs for Szechuan and Sikong, Chaucer Wu. After a brief rest at the British Consulate, Sir Frederick called on General Ku Chu-tung, director of the Generalissimo's Provincial Headquarters.

Leith-Ross Confers with Szechuen Bankers

At four o'clock, Sir Frederick received the leading bankers of Szechuen at the British consulate, Chungking, making inquiry as to the financial and economic conditions of Szechuen Province. Following this meeting he and his wife left the same day by boat for down-river. From Ichang they plan to fly direct to Nanking.

Hankow Britons Acclaim King Edward VIII.

Last Wednesday, Jan. 22nd, witnessed one of the most impressive scenes in Hankow. Shortly before noon, G. S. Moss, the British Consul General of the Hankow area, read the proclamation declaring Edward VIII, the new King of England, Ireland, and the British Dominions, and Emperor of India. Sharply at noon the bugle sounded and the flag which had flown at half-mast in deference to the late King George V, was hoisted to fly at full mast until Thursday morning. The British gunboats also hoisted their colors at noon and a Royal Salute of 21 guns was fired. Memorial services for the late King George V are being held today.

Hankow, Jan. 27, 1936.

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The Yushan-Nanchang Railway and the New Kiangsi Line

BY RICHARD L. JEN (任玲逊)

TO Kiangsi, that midwest Yangtse province which once was turned practically into a "Hell on Earth" by seven-and-half years' ruthless Communist depredations, the saying that not every calamity is a curse may aptly be applied. The recent inauguration of the 292-kilometer Yushan-Nanchang railroad lends added strength to my conviction—inspired by first-hand observations gathered during a forthight tour to the ex-Soviet regions last January—that the Red scourge, which had wrecked untold havoc to the province, has now turned out, paradoxical as it may seem, to be a blessing in disguise.

It was around this time a year ago that I had the opportunitt of standing by the bank of the Fu River at Liangchiatu, about 25 kilometers from Nanchang, and seeing with my own eyes the beginnings of the engineering work on the 420-meter steel bridge that stands today as the longest of the four bridges along the newly opened railway linking the capitals of Kiangsi and Chekiang Provinces.

The bridge itself, which cost the paltry sum of $560,000, and the new railroad for that matter, are no engineering feats of exceptional wonder or magnitude, as compared, for example, with the gigantic structure that is to adorn the Golden Gate at San Francisco, or even with the Yellow River railway bridge. But the fact that the line, which was financed by Chinese capital, planned by Chinese engineers and built by Chinese laborers, was completed almost on scheduled time must be marked as an event of relative significance in the light of the traditional "dilly-dallying" system that characterizes Chinese economic planning.

While in Nanchang last in January of last year, I was given a little booklet, describing the project of the Yushan-Pinghsiang railway, in which it was announced that the stretch from Yushan to Nanchang would be completed and opened to traffic by the end of 1935. The actual completion of the line on Jan. 8 this year and its formal opening a week later, therefore, serves as eloquent testimony that the era of "hollow talk" in a supposedly changeless China has graduated to one of concrete work in harmony with paper projects.

From the standpoint of railroad development, there can be little doubt but that the completion of the Yushan-Nanchang section of the Kiangsi-Chekiang railway is of national significance in that it not only ushers in a new chapter in the development of communications between the two provinces, but plays an important part in the welding of the various Chinese trunk lines into a national system. When the last stretch of the Kiangsi-Chekiang railway, namely the Nanchang-Pinghsiang section, is completed by the end of this year, the Chekiang-Kiangsi trunk line will be brought into junction with the Chuchow-Pinghsiang section of the Canton-Hankow line, construction of which is being feverishly pushed to an early completion, after a lengthy suspension from 1917 to 1928 and intermittent interruptions between 1928 and 1934.

Fourteen Provinces to Be Linked by Network of Railways

If you look at the railway map of China, you will find that when the remaining sections of the Canton-Hankow and the Yushan-Pinghsiang lines are finished, the fourteen provinces of Hopei, Shantung, Chahar, Suiyuan, Shensi, Anhwei, Kiangsu, Chekiang, Kiangsu, Kwangtung, Hunan, Hupeh, Honan, and Shansi will be linked up by a network of railways. It is pretty safe to say now that by the end of the current year or the beginning of 1937, one may travel by train in and between the Eastern, Central, Northern and Southern provinces of China, with the only exception of Fukien.

The other provinces that will not, by then, be connected by rail with the rest of China are Kwangsi, Kansu, Szechwan, Kweichow, Yunnan, Ninghsia and the far west frontier provinces; but lack of rail communications in these provinces is well compensated by a closely-knit chain of highways which penetrates as far west as Tihua in Sinkiang.

That the Yushan-Nanchang railway will considerably enhance the cultural, economic, military and social developments of Kiangsi Province leaves no ground for debate. It is true that the Chekiang provincial authorities and the Ministry of Railways have contributed much towards the development of rail communications in Kiangsi, but a larger share of the credit must go to the enterprising leaders of Kiangsi, who, as anyone who has seen something of that province after the conclusion of the anti-Red campaign can testify, have during the past year tackled more problems of reconstruction than would daunt the spirit of less energetic individuals or groups.

This brings us to the question of the new "spirit" which has permeated the whole of Kiangsi. Only 15 months after the routing of the Communists from Juichin, the seat of the Chinese Soviet Government since August, 1927, and the liberation of the 24 million people from the Communist yoke, Kiangsi today not only is able to stand on its own feet, but, through a unique experiment of social and economic rehabilitation, is even regarded by many as the "model" province in the making.

It would not be sweepingly unfair, perhaps, to say that Kiangsi would probably remain, as it was before popularly labelled, one of the most backward provinces, had it not been for the merciless and heartless devastation consequent upon the Communist domination. Like the erection of a totally new structure, the old, dilapidated building must first be torn down; the fact that 51 out of 83 *hsiens* in Kiangsi had, at one time or another between 1927 and 1934, been trampled underfoot by Communist heels, and 10 others indirectly affected, spurred on, in no small measure, the impetus for wholesale resuscitation, such as only the third-stage consumption symptoms would induce a patient to rivet undivided attention to an uninterrupted lengthy recuperation.

Unmindful of what was transpiring elsewhere, the Kiangsi authorities have been doggedly bending their efforts to reconstruction since Nov. 1934. The peasant, the soldier, the student, and the people of every walk of life have been as wholehearted in cooperation as the leaders have been zealous in directing the rejuvenation work.

It is the new Kiangsi spirit which calls forth one's admiration and praise, the spirit that accepts no fatalistic apology that the Red blow had "struck too hard." Everyone who has visited post-Red Kiangsi concurs that feverish rehabilitation work of various kinds has continuously been in progress; highway construction, dyke building, rural welfare projects, revival of native industries, strengthening of the militia corps, introduction of a "special type" education, improvement of public health, and so on.

Walking along a section of the 85-mile mud dykes at Linchuan, which was to be completed within 20 days last January, I had seen a mobilized force of 80,000 village laborers hard at work with three meals as their only wages. It at once struck me that Kiangsi was determined to reconstruct in days what the Communists had taken months to destroy. I had also seen government troops, which are often dubbed by foreign propagandists as being no different from bandits, spending most of their time in building highways in Kiangsi. Likewise I had met British, American, French, Japanese and Belgian returned students working among the peasants in promoting rural welfare work for the meager salaries of from $30 to $70 a month.

On top of these feverish reconstruction activities, and singularly conspicuous, is the common will on the part of both the authorities and the people to co-operate with one heart and purpose in rebuilding a shattered province, physically, mentally and spiritually. A greater tribute cannot be found in Confucius' saying that "our greatest glory is not in never falling, but in rising every time we fall."

Kiangsi Leads in Accomplishments

Practically everyone who has been to Kiangsi during the past year agrees that in the promotion of the New Life Movement, construction of highways, and rural rehabilitation, Kiangsi easily leads the other provinces in concrete achievements made. It would be pleonastic to mention that Kiangsi, being the birthplace of the New Life Movement as sponsored by Generalissimo Chiang Kai-shek, is one of the cleanest, if not the cleanest province in China today, its cleanliness and tidiness being discernible not only in the urban cities, but even in the smallest of townlets. People there are generally polite, at least they have now re-learned the ancient virtue of politeness; I had seen children in the small villages smilingly bowing to strangers on the street. At one occasion in Nanchang, I was actually voluntarily accompanied by a policeman, when off duty, for three blocks to locate a place new to me. You try the policeman in the Shanghai settlements, and you will know that such consideration for the stranger rarely exists in the so-called modernized cities.

I do not wish to be superfluous in quoting long figures to show the rapid strides that have been made in one year in Kiangsi on highway construction, mass education, rural rehabilitation, co-operatives enterprises, public health, etc. But even the most cursory review of the Kiangsi rehabilitation work without the mention of the Rural Welfare Centers would be like describing the Roosevelt administration of the United States without touching upon the N.R.A.

The organization of the Rural Welfare Centers in Kiangsi was a new product of the post-Red period, and for that matter, the first of such experiments to be so extensively applied in any one province of China. Much has been written on the Tinghsien (Hopei) experiment, the Tsouping (Shantung) experiment, and those in scattered districts in Kwangsi, but all these are regional in scope; and so far as I know Kiangsi was the first to have extensively, and quite successfully, carried out such work in the province.

Due to the fact that about three-fourths of the rural districts in Kiangsi were left in a topsy-turvy condition when the Reds decamped in the winter of 1934, reconstruction of the debris must necessarily start from the good earth, the source of man's raiment, life and food; and indeed as all fundamental reconstruction projects in the whole of agricultural China should begin. Like the general population of China, 84 per cent of which are rural, that of Kiangsi is essentially an agricultural people; at least over 90 per cent of them are.

The Rural Welfare Centers, therefore, have come to be regarded as the main directing force in the entire rebuilding project of Kiangsi. Briefly summed up, the program of the Rural Welfare Center, of which there are today a total of ten, is fourfold; education, public health, agriculture and co-operatives. Though the Centers have their headquarters in ten of the larger districts, each of the

Centers has its respective subordinate units in surrounding towns, their work collectively covering as wide an area as could be done. The same kind of welfare work is done under the "unit" staff as it is done under the Center staff. The Center at Yaotsun, which has a population of only 448 families, for example, places under its care 150,000 people scattered over more than 50 surrounding towns.

Mentally, the Kiangsi peasant is a changed person today. A great deal of mass education work was carried on there months before the enforcement by the National Government of the Universal Education scheme last July, thanks to the Rural Welfare Centers. With the registered establishment today of a total of 11,000 village schools, the number of school children in Kiangsi's rural districts was doubled in 1935; and Kiangsi today is probably one of the two provinces (the other being Kwangsi), in which the program of compulsory free education has been so comprehensively applied. Classes are conducted in three shifts, one for adult men, one for adult women and a third for children, arranged in accordance with their leisure time; and it is the ambition of the Kiangsi authorities to completely wipe out illiteracy in the province by the end of 1940.

Together with the village school, which is known in Kiangsi as the Public Education Institute, the public health clinic and the rural co-operatives society form the three main welfare agencies in every village which has the benefit of a Rural Welfare Center or a branch unit. Hence, education, public health and economic and agricultural co-operation have come to mean an important phase in the daily life of the Kiangsi peasant. Unlike the average farmer elsewhere in China, the farmer of Kiangsi has learned to read and write; take better care of his health by using his own bowl and chop-sticks at meal time, by having his bedroom window opened during the hours of sleep, by taking a weekly bath at least; and has learned to work together with his fellow-toilers in the purchase and marketing of agricultural produce and to till their land in improved scientific methods.

In wholesale reconstruction of China, it is the consensus of opinion among technical experts, Dr. Stampar and Dr. Strickland included, that any fundamental solution of China's economic ills must start with the revival of its productive power and the general enhancement of the livelihood of the farmer at large.

The objective of the Kiangsi rehabilitation project which aims at fundamentally improving the lot of the common farmer to a level never attained before and at turning impecunious, agriculturally disintegrated districts into self-sufficient, self-governing units of literate peasants, therefore, is a step in the right direction. It is a simple enough pattern, and worthwhile copying by other provinces; for the progress of the nation must essentially and eventually depend upon the well being of the people as a whole. And over 80 per cent of China's population are rustic stock.

Assassination of Japanese Policeman at Swatow Creates Tense Situation

An ominous incident which is likely to assume considerable proportions took place in Swatow Jan. 21 when a Japanese policeman belonging to the Japanese Consulate in said city was shot and killed by an unidentified gunman or gunmen. The Japanese policeman was on his way from his home to the consulate about half an hour past noon when he was made the target of revolver shots. The policeman's death was instantaneous. *Domei* says it is suspected that the outrage was committed by some agents belonging to anti-Japanese terrorist organisations. Chiichiro Harada, Japanese Consul, immediately made demands to the Municipal Government of Swatow to arrest the assailant or assailants without delay.

Mr. Harada asked the Swatow municipal administration to control the anti-Japanese activities of the students, as they might endanger Japanese lives and property. The representation was made in connection with a demonstration in front of the Haojanting Teahouse in Chungshan Park by about 1,000 students, led by a group from the Sun Yat-sen University in Canton.

The Japanese Consul at Swatow filed two protests:—

1.—Concerning the alleged intimidation of the keepers of a Japanese shop, Kosaka and Co., by a Chinese armed with pistols.

2.—The murder of the Japanese police officer above related, whose name was Tsunoda.

While holding no belief that the latest incident had any direct connection with the rice-tax dispute at Swatow a few months ago, which threatened a major crisis, the Japanese consular authorities at Swatow expressed the opinion that the continued imposition of special taxes remains a cause for Sino-Japanese friction. They further voice the view that the situation will "continue to be fraught with danger" so long as the tax question remains unsettled.

A Japanese cruiser and five other war vessels were dispatched to Swatow as a result of the incident.

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A Forest Project in Fukien

BY GEORGE WARREN HINMAN

THE reforestation of the denuded areas of China is coming to be recognized as one of the greatest material needs of the country. Disastrous floods such as those of the summer of 1935 in the Yangtze Valley, and along the course of the Yellow River are common; they have seemed to the Chinese as inevitable as war and poverty. The best planning of engineers for the control of the great rivers has seemed inadequate if not futile. There has not been lacking in the past centuries great Chinese engineers who have built dikes and devised plans for diversion and distribution of flood waters. In recent years much good work has been accomplished through scientific engineering under the direction of the International Flood Relief Commission, operating largely in North China. But the only fully effective flood control is nature's method of holding the rain on the hillsides by a dense forest covering. Chinese have recently been studying silviculture and government appropriations are now being made for reforestation.

Fukien Province has been called the Switzerland of China. A mountain mass covers nearly the whole of the province with ranges running northeast and southwest, more or less parallel to the coast. Near the ocean the average height of the ranges is about two thousand feet, with some peaks reaching to three thousand. Inland they become higher, and on the Chekiang border there are peaks said to be nine thousand feet high. Sawing their way across these mountains the streams flow in narrow V-shaped valleys, hurrying seaward with falls and rapids. In the northwest third of the province the mountain streams, beginning near the borders of Kiangsi and Chekiang Provinces, gather finally into three major streams which unite at Yenping, 160 miles from the sea, to form the Min river, noted for its scenery and its difficult rapids.

At places these mountain streams have been interrupted in their progress, and the rich interior valleys thus produced have become centers of large populations and valuable farming districts. Economically these valleys, of which the Foochow amphitheater is probably the most important, are the most significant sections of the province. But the province has for centuries been famous for its forests. They are located in the sparsely-populated mountainous regions of the north and northwest, the headwaters of the Min river system, over an area of about eight thousand square miles. Along the streams most of the timber has been cut off; but the inland mountains are covered with forests of red pine (pinus massoniana) and fir (cunninghamia lanceolata). Four provinces have considerable forests, but most of the timber comes from the districts about Yenping.

The pine forests are of natural growth, from the windblown seeds of mother trees; the fir forests are usually cultivated, and are more accessible. The present supply of fir is practically all from plantation stock. There is little or no devastation by fire among the forests, because of the absence of thoughtless campers and careless smokers; but sometimes forest areas are burned over to drive out wild beasts, destroy the hiding places of bandits, or with absurd wastefulness, simply so that the ashes may be washed down to enrich the valley fields. Up to recently there has been no government control of the exploitation of existing stands of timber, and no reforestation except of a private nature confined largely to fir.

Fir Pole Business—A Large Local Industry

The fir pole business is a large local industry of the port of Foochow. The number of trees felled to supply the demand for so-called "Foochow poles" is rapidly outstripping the fir forests being replanted. About forty varieties of hard wood trees are also grown in Fukien Province, and have considerable commercial value, of which the most important are the "flower wood," the "nang muk" and the camphor wood. The "nang muk" is highly prized for coffin wood; a single coffin made from this wood will sometimes sell for as much as a thousand dollars local currency. A recent president of China was buried in a coffin made of wood from Fukien.

Along the coast of Fukien Province and near the large cities the hills are usually deforested; they are generally terraced and planted with peanuts, sweet potatoes and tea. Very few trees are allowed to grow to any size, and very few groups of trees are seen, these being found most often in the vicinity of graves, where they have been planted or spared with feelings of piety or superstition. Most of the hills have only grass and low shrubs, which are being constantly cut close to provide fuel for the thousands of cooking hearths. At certain seasons the country roads are crowded with load bearers bringing down brush and bundles of grass to be carried long distances and sold. All this fuel must reach water transportation carried on the shoulders of men and women and often young children, for there are still very few auto roads in this mountainous province, and humans are the only burden bearers.

As a result of this constant stripping bare of the hillsides the thin soil is washed away by heavy torrential rains, much land becomes unsuitable for agriculture and the flood problem in Foochow, the provincial capital, is a constant one. Frequently the whole plain is flooded, and the main streets of the great city are navigated by boats. Diking is of some advantage, and the new roads now slowly being developed to connect this hitherto isolated province with its neighbors, are being built high above the surrounding fields, which must be at low levels for irrigation.

Some of the Chinese are beginning to see that the control of floods must begin at the grass roots on the mountain sides, and the Fukien Provincial Department of Education has now established a Bureau of Forestry, and is developing two major projects, one in the interior near Yenping, and one comparatively near Foochow, at the large and prosperous village of Nang-seu. Recently the Bureau of Forestry celebrated the second anniversary of their five-year program in this region with a pilgrimage to their forest-planting camp and nurseries out in the hills near there. Nang-seu is a town with a history. The Ling family came there eleven hundred years ago, about four hundred years (a short period in Chinese history) after the men of the Tang Dynasty, in the fifth Century, conquered this part of the country, killed off the men of the Cutribe, married their women, and founded the original city of Foochow up against the northern hills bordering the great plain. Naturally the descendants of the Ling family, who own much of the country around Nang-seu, and rent it out generation after generation to their tenants, are inclined to be conservative. Only when a young Chinese Y.M.C.A. secretary, member of the Ling family, with a home in their own village, and thoroughly loyal to the old family traditions, came up with a Yale graduate in forestry and held extended conferences with the village elders did they begin to give up their suspicions and consent to make terms with the government for so long a lease of such an extensive portion of their hitherto almost useless mountain land. The important men of the Nang-seu district were persuaded to give up the control of their mountain slopes for periods of thirty to fifty years partly by the assurance of a personal share in the profits from future sales of timber, but also by the promise that the bulk of the income would go to the support of public education in Fukien, and at least five per cent for the establishment of public schools in their own village. There had been certain opportunities before in the private schools for classical learning; but the present plans are for universal compulsory public education. An earnest of the intentions of the Department of Eductaion was the establishment last year of a modern elementary school for the village.

Special Campaign on Behalf of Children

Public education in China is emphasizing this year of 1935-36 special campaigns on behalf of the children, as well as a strong effort for education of illiterate adults. Elaborate pronouncements of the Ministry of Education emphasize the Children's Year, with a large number of definite suggestions for the educational program, and also proposing that adults who cannot read some of the difficult Chinese characters should be fined unless they take at least a few hours of instruction each week in special classes to be organized.

As a part of their educational propaganda the Fukien Provincial Bureau of Education had issued special invitations to the second anniversary of the establishment of the public forest near Nang-seu. A considerable party of officials, government and private school students and teachers, went from Foochow by the comparatively new auto road, on the comparatively new, but already almost worn-out auto bus, from the head of the Bridge of Ten Thousand Ages to the landing stones at the upper end of the island of Nantai. There the official launch (an ordinary sampan fitted with gasoline engine) was waiting to take us through the maze of waterways threading this rich orchard country.

Arriving at the village our party was met by the up-to-date mayor, an amazing contrast to the long-gowned officials of the old days before the republic. He was dressed in a simple dark cotton uniform, with foreign straw hat, and looked eminently practical and efficient. He was there when the boat landed not primarily for ceremony but for service. The old customs of elaborate robes and plumed hats on stiffly formal officials in four-bearer sedan chairs with crowds of yamen runners, would not work in modern China. Men who do things are now the ones in offices, and more and more the idea is being accepted that public office is a public trust rather than a private graft.

The forest project was more than four miles away across the plain and up in the hills, but it was a rewarding trip, even though most of us went on foot over the narrow, rough stone paths between the rice fields. With true Chinese courtesy there had been provided rest stations along the way, with free tea, one at a brookside rice mill where six pestles were constantly pounding into the stone mortars to hull the rice, operated by a great undershot wheel driven by the mountain stream.

The project covers nearly two thousand acres of mountainside. Contracts were made with sixty persons, mostly heads of the Ling family. Nearly one million seven hundred thousand coniferous and deciduous trees of commercial value have been planted during the two years of operation. Over a million and a half were pine trees, sixty thousand fir trees, more than a thousand bamboo of four varieties were planted, twelve hundred varnish and cooking oil trees, and thirty-six hundred shoots of twenty kinds of fruit trees, including about five hundred olive trees and a thousand lengengs. In the nursery about eighty pounds of seed have been planted, twenty pounds of pine tree seed and thirty-six pounds of seed of the valuable oil-producing trees.

The slopes of the valleys have been protected by fire-breaks, good, wide trails have been made to the four sections of the project, an excellent forest nursery was developing in carefully-tended beds, and a farm colony was growing up, with good cattle and pigs and poultry, and a group of workers who seemed proud of their badges of government service. The neatness and order in all the work, wide clean trails with cut steps on the steep slopes, the careful storing of all equipment, and the general condition of the buildings was a marked contrast to the ordinary Chinese village.

When the auto road has been built to serve this project and to develop the interior valleys this new and promising venture will attract more general interest, and will do its share toward the rehabilitation of the communist-and-bandit-infested mountain districts, as well as its more direct and immediate benefits for timber supply and flood control and the restoration of barren lands. There still remain tigers and bandits in the mountains near to densely-populated districts of China, but such anomalies will not long continue when good roads penetrate the mountains and the forests are under government supervision and protection.

Foochow, January 8, 1936.

Students and Coolies Mob West Shanghai Police Station—Beat Officials

Three Chinese police officers of the Bureau of Public Safety of the Municipality of Greater Shanghai were severely beaten, two very seriously, in the morning of Jan. 26 at Zaokadoo in West Shanghai, when police clashed with a frenzied mob of students, villagers, farmers, hangers-on and idle New Year celebrants. In a whirlwind of shouts and curses, swinging clubs and flying stones, one police officer was gravely injured, two others were badly hurt, and scores suffered cuts and bruises as the result of the arrest of some 19 Communist suspects. The riot grew out of the arrest of the students early that morning. Police agents attached to the Special Branch of the Bureau of Public Safety in Nantao went to Zaokadoo after receiving information that several students, allegedly Communist agitators, were in the village. They located and arrested 19 Chinese students, five of whom were girls, near Jessfield Road, which is an extra-Settlement Road, though the arrests were made in Chinese territory. The news of these arrests spread through the area and reached Chinan University, Chenju. Student leaders there knew that those arrested were student comrades, members of the group that had participated in leadership of the student campaign a month ago in connection with a nationwide protest against the autonomy movement in North China. Immediately about 30 students of the University went to Zaokadoo to investigate, believing that their comrades had been at work there among the villagers when they were arrested.

Arriving at Zaokadoo about 10 o'clock, they organized a demonstration before the Public Safety Bureau sub-station there, and were joined by several hundred people, including villagers, farmers from the surrounding neighborhood, loafers, idlers, and, in general, crowds of New Year celebrants, possibly 300 in all.

William Allen White Says Filipinos May Tire of Independence

William Allen White, editor of the Emporia (Kansas) *Gazette* when he arrived in Seattle Jan. 22 said that the citizens of the new Commonwealth of the Philippines may not desire full independence when the transitional period of the Tydings-McDuffie Act expires. The Filipinos, he said, were most enthusiastic over their new nation "but the newness will wear off." Orientals, he declared, were much less interested in politics than Americans or Europeans, and hence the continued interest of the Filipinos in their new government was open to question.

Death of Dr. David Z. T. Yui

The death occurred in Shanghai Jan. 22 at the age of 54 of Dr. David Z. T. Yiu, one of China's foremost citizens. Dr. Yui served as an important member of Commercial Commissions sent from China in 1915 to America and in 1926 to Japan. He was a founder and for years Chairman of the Institute of Pacific Relations, Vice-Chairman of the Sino-Japanese Society and an officer of the World's Student Christian Federation. On the organization of the National Christian Council of China in 1922 he was elected as its first Chairman. Surviving Dr. Yui are his aged parents, Rev. and Mrs. W. T. Yui, his widow, four sons and three daughters.

British Naval Paymaster at Hongkong Gets Two-Year Prison Sentence

Paymaster-Commander E. M. Tetley, of the British depot-ship *Tamar*, Hongkong, plead "guilty" at a courtmartial in Hongkong, Jan. 27 to nine charges—fraudulent conversion of funds, making false entries and forgery—and was sentenced to two years' penal servitude. The accused was also dismissed the Service in disgrace. He tendered a statement saying that the position had arisen through the adoption of slack ways in handling cash and accounts, whereby a large deficiency resulted and this was further aggravated by a loss of $20,000 by careless handling.

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SHANGHAI

Progress of Reconstruction in China

BY S. Y. CHI (季世英)

REMARKABLE progress in the development of communication facilities and the construction of highways has been achieved during the last few years throughout the length and breadth of China from her rich southeastern provinces up to the vast waiting-to-be-developed northwestern provinces, as her program of national reconstruction expands with the march of the times.

With Nanchang, capital of the new "model province" of Kiangsi, where reconstruction of all phases of life has been witnessed during or after the conclusion of the anti-Red campaign in November 1934, as the center of rural and economical rehabilitation, the progress of overland communication in the form of modern highways built to the gross distance of 5,000 kilometers—the longest distance in any one of the provinces—is something really noteworthy. The completion of these highways renders invaluable service to China's inland communications and, *mirabile dictu, mirabile visu*, makes transportation accessible to all the surrounding provinces, Anhui, Chekiang, Fukien, Kwangtung, Hunan and Hupeh, within the space of 24 hours where formerly the journey took weeks or even months.

Besides leading his huge armies to quell the menace of Communist-bandits and to restore peace and order in the provinces, Generalissimo Chiang Kai-shek, Chairman of the Military Affairs Commission, lost no time in mobilizing all the available forces to carry out his program of national economic reconstruction in China. Immediate development of communication facilities is given foremost consideration wherever he goes.

In Kiangsu there are eight trunk and 39 branch roads, making a total of 47, with an aggregate length of 4,105 kilometers, of which there are 864 kilometers of such highways completed, 448 kilos made but not yet paved, 997 kilos of old roads which will be open to traffic after repairs to bridges, culverts, etc., 1,141 kilos under construction, and 655 kilos upon which work has not yet been started, according to statistics recently published by the Provincial Reconstruction Department of Kiangsu. They are:

The Shanghai-Nanking Line:—This road links the commercial and political centers of Kiangsu by way of Chenju, Nanhsiang, Kating, Taitsang, Changshu, Kiangyin, Changchow, Penniu, Mengho, Chienpi, Chingkiang, Kaotzu and Lungtan, a distance of 327 kilometers.

The Shanghai-Fukien Line:—On this interprovincial highway the section between Nanking and Tungtang, on the Kiangsu and Chekiang border, via Chilingmen, Lishui, Kuyung, Tienwangshih, Nangtu, Liyang, Hsusheh and Ihsing, lies in Kiangsu, and is 171 kilometres in length. Road-beds, bridges, culverts and surfacing have been completed and the roads will be soon open to traffic.

The Shanghai-Kwangsi Line:—The section of this highway within Kiangsu extends from Shanghai to Chingsuniangchiao, on the Chekiang border, via Chuanchiao, Peichiao, Minghong, Nanchiao, Chulin and Chinshanwei, a distance of 76 kilometers. It has been opened to traffic.

The Nanking-Shantung Line:—There are two sections on this highway passing through Kiangsu, one being 60 kilometers in length, from Pukou, on the north bank of the Yangtze, opposite Nanking, to the border of Tienchang,in Anhui, via Luho,Machiatsih, and the other, 269 kilometers, from Chiangpa to Taierchwang, in Shantung, via Kaoliangtung, Huaiyin, Chunghsiang, Ssuyang, Yangho, Sutien and Pinghsien.

The Nanking-Kweichow Line:—The Kiangsu section is only 35 kilometers in length, running from the capital to Tangtu, in Anhui, via Hsihsiehchiao, Kiangningcheng, Mulungting and Tungtsinchen. Road-beds, culverts and bridges are about completed.

The Nanking-Szechuen Line.—The section between Pukou and Wukiang, Anhui, 42 kilometers in length, is the Kiangsu part of the Nanking-Szechuen highway (also of the Nanking-Shensi highway).

The Tunghai-Chengchow Line.—This line extends from Tunghai, in eastern Kiangsu, to Chengchow, in central Honan; the section between Chukuo (Tunghai) and Yuncheng on the Honan border is in Kiangsu, with a length of 365 kilometers, passing thru Wutsih, Suyang, Sutsien, Suining, Tungshan, Hsiaohsien and Lishihling.

The Chinkiang-Suyang Line.—This road runs from the provincial capital, Chinkiang, to Suyang, via Kiangtu, Shapo, Kaoyu, Chiehchou, Paoying, Pingchiao, Hauian, Huaiyin and Hutish, a distance of 251 kilometers.

The Kaoan-Tunghai Line.—This road starts from Kaoan, touches Taihsien, Yuchi, Chintung and Nanmutu, and ends at Tunghai, with a distance of 75 kilometers.

The Nantung-Kangyu Line.—This roads starts from Nantung to Kangyu, via Pingchiao, Tungyen, Jukao, Haian, Tungtai, Yencheng, Shangkang, Founing, Taishan, Kuanyun, Tunghai, Hsinpu and Tiehmatsang, a distance of 415 kilometers.

The Huaiyin-Chenchiakang Line.—The road runs between Huaiyin and Chenchiakang, via Huaian, Lienshui, Hsinanchen, Tahsintish, and Yushun, a distance of 131 kilometers.

The Pukou-Chitang Line.—This road links a number of districts along the northern bank of the Yangtze, including Pukou, Luho, Chenchiachiao, Icheng, Kiangtu, Tachiao, Kaoan, Taihsin, Tsingkiang, Changhuangkang, Pingchiao, Nantung, Haimen and Chitung, a total distance of 338 kilometers.

The Pukou-Tingyuan Line.—This is only 27 kilometers long, running from Pukou westward to Tingyuan, on the Anhui border, via Kaolitien, Tungke and Hsike.

There are also some short lines:—The Luho-Tihsien line, 27 kilometers long, starts from Luho to Tihsien in Anhui; the Juhao-Hsinshengkang line, 28 kilometers, runs from Jukao to Hsinshengkang via Motouchen and Shuangmuchiao; the Yangho-Suining line, 40 kilometers, connects Yangho with Suining; the Tungshan-Fenghsien line, 35 kilometers, links Tungshan with Chinantish, Fenghsien, Chushai and Yutaichih; the Soochow-Taitsang line, 50 kilometers, goes from Soochow tio Taitsang via Weiting, Chengi, and Kunshan; the Tsungming-Chenchiacheng line, 43 kilometers, runs between Tsungming and Chenchiacheng via Panchen, Hsinkaihochen, Peipao, and Hsianghua; and the Shanghai-Chuchiako line, 30 kilometers, extends from Chuchiako to Shanghai via Tsingpu, Sungchehtsun, Chaokang, and Fangchiayao.

In addition to the above, there are several roads planned but not yet built, namely, the Sungkiang-Kiahsing, Pingwang-Nansun, Kaochiao-Nanchiao, Yangchung-Chienpi, Chinchan-Chapoo, Luho-Huatzekou, Taihsien-Siennumiao, Hsinghua-Peichu and other lines within the boundaries of Kiangsu Province.

A Network of Railways

Aside from highways, China has decided to link up her rich southeastern provinces by a network of railways, prominent among which is the progress that has been made either in the construction, or in the planning, of the Chekiang-Kiangsi, Hunan-Kiangsi, Fukien-Kiangsi and Kwangtung-Kiangsi railways, all with a center of radiation from Kiangsi.

The Chekiang-Kiangsi Line.—This railway, measuring about 250 miles, runs from Hangchow, provincial capital of Chekiang, to Nanchang, provincial capital of Kiangsi. It is made up of two sections, the Hangchow-Yushan and the Yushan-Nanchang. The former section was completed and opened to traffic about two years ago, while the latter was completed just recently.

The Hunan-Kiangsi Line.—This railway, about 240 miles stretching from Nanchang to Changsha, provincial capital of Hunan, via Kaoan, Pinghsiang and Liling, is but the extension of the Chekiang-Kiangsi railway from Nanchang to Pinghsiang, on the west border of Kiangsi, from where it links up with the Changsha Chuchow line at Chuchow, on the eastern border of Hunan opposite Pinghsiang.

A sum of $26,000,000, it has been estimated, is needed to construct the railway. To facilitate construction, public bonds to the value of $30,000,000 were issued by the Chekiang-Kiangsi Railway Administration, the proceeds from which were entirely devoted to the building and planning of the entire sections from Yushan, on the eastern border of Kiangsi, to Pinghsiang, on the western border of Kiangsi. The railway administration purchased a number of up-to-date locomotives and coaches from Germany. The line has a total of 18 stations from Yushan to Nanchang.

The Fukien-Kiangsi Line—This railway runs from Foochow, provincial capital of Fukien, to Nanchang, by way of Shanglo, in east Kiangsi, where it will be connected with the Yushan-Nanchang section of the Chekiang-Kiangsi railway. Surveying work on the projected line has been started, and is expected to be finished shortly. However, as soon as funds are available, construction work on the line will be taken up sometime this year.

The Kiangsi-Kwangtung Line—This much-talked-about railway, connecting Nanchang with Canton, provincial capital Kwangtung, the great southern port in China, if built, will have a very important bearing upon the development of commerce and industry and the improvement of political conditions between the southeastern and the southwestern provinces. This line threads its way from Nanchang to Shouchow, across the Tayu mountains on the Kiangsi-Kwangtung borders, where it will link up with the Canton-Shouchow railway.

Despite the huge expenses involved, the central authorities with the cooperation of the local authorities are bent on the early materialization of their communication schemes, because with the completion of these four trunk lines in China's railway system, not only overland communication in the southeastern part of China will be gretaly facilitated, but also all provinces in China Proper will be closely linked up by rails as never have been before. Hence, a great impetus will then be added to the development of commerce and industries in Central China.

While she is rebuilding her central area, China loses no time in pushing ahead her reconstruction projects for the development of her vast country in the northwestern provinces. Latest investigations reveal that the northwestern provinces will have a total of 2495 miles of motor roads in Shensi when the eight trunk highways now under construction are completed. Due to energetic

efforts of the provincial authorities, Shensi has, up to present, no less than nine highways, of which 463 miles have already been opened to traffic, while the projected highway network of a total length of 2,032 miles is being pushed ahead even with greater efforts than hithertofore.

Roads Aid in Anti-Bandit Campaign

In order to speed its completion, Generalissimo Chiang Kai-shek, Chairman of Military Affairs Commission, has recently instructed that all construction of these highways must be expedited in order to facilitate the anti-bandit campaigns in the border provinces.

A brief account of the eight highways now under construction or recently completed follows:

The Sian-Lanchow Line.—This highway runs from Sian, provincial capital of Shensi, to Lanchow, in Kansu, with a distance of 720 kilometers or 450 miles.

The Sian-Hanchung Line.—This road starts from Sian and terminates at Hanchung near the northwestern border of Shensi, measuring 240 miles, and passing thru Paochi, about 120 kilometers west of Sian. The whole line is to be completed at an estimated cost of $1,500,000.

The Hanchung-Ningchiang Line.—This highway stretches from Hanchung to Hingchiang, about 140 kilometers or 88 miles in length, and costs about $860,000. It will connect with the Shensi-Szechuen trunk highway line.

The Hanchung-Paikiang Line.—This road starts from Hanchung and terminates at the Paikiang River along the Shensi-Hupeh border with a length of about 330 miles.

The Sian-Chingtzekwan Line.—This highway runs from Sian to Chingtzekwan (a pass on the Great Wall) at the Shensi-Hupeh border, which in reality is a section of the Nankiang-Shensi highway. It measures about 100 miles in length.

The Shanyuan-Chingyuan Line.—This road stretches from Shanyuan, north of Sian, to Chingyuan, in western Kansu, has a distance of about 30 miles.

The Hsienyang-Yilin Line.—This highway links Hsienyang near Sian, with Yilin, near the northern border of Shensi, about 467 miles long, and will take its place as a key road for travellers from the northern part of Shensi to the southern part of the province or to the border line of Mongolia.

The Fukoo-Paotao Line.—This road connecting Fukoo, on the northern Shensi border, with Paotao, trade center of Suiyuan, will, when completed, distinguish itself as a commercial route. The Fukoo-Paotao road is different from the other seven highways already mentioned, in that it is not a government undertaking. It measures about 130 miles in length.

With the tremendous growth of communication projects which are still going on by leaps and bounds, reconstruction of a new China will be witnessed in the spirit once expressed by the late Dr. Sun Yat-sen that "Transportation is the key to Industries, and Railways (highways) the key to Transportation."

Judge in San Francisco Demands Investigation of Filipino Social Contacts

A police investigation into the associations of white girls with Filipinos was demanded in San Francisco, Jan. 22, by Municipal Judge Lazarus, following the hearing of an assault charge in which Gloria Lane, 22-year-old white girl, testified that June Furness, 23, held her while Peter Suguitan, 24-year-old Filipino, brutally beat her. During the hearing, intimations that the social contacts of hundreds of San Francisco girls were restricted to Filipinos were made by Miss Kay Deane, 22, a witness in the case. In a heated voice, Judge Lazarus declared, "It is apparent that girls of tender years are being led astray by the strange influence these men seem to have upon women of a certain type." In conclusion, the judge remarked that Filipinos in the United States seem able to hold jobs and to support white girls while "hundreds of decent white youths are unable to find jobs." Miss Deane previously testified as a witness in two murder cases involving Filipinos.

Shanghai Financiers Urge General Chiang to Grant Relief

Yu Ya-ching, general manager of the San Peh Steamship Co., and Wang Hsiao-lai, Government Supervisor of the Shanghai Stock Exchanges, called on Gen. Chiang Kai-shek, President of the Executive Yuan, at Nanking Jan. 28 concerning measures for strengthening the financial situation in Shanghai and relieving the commercial and industrial depression. Mr. Yu said the present depression in commercial and industrial circles in Shanghai is unprecedented, and a total collapse will result unless measures of relief are adopted.

In the United States Court for China

In re	Cause No. 4005
Last Will and Testament of SUSAN WADDELL HSU Deceased	Special Proceedings No. 1046
	NOTICE OF PUBLICATION

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of SUSAN WADDELL HSU, deceased, to present the same with vouchers to the undersigned on or before August 20, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. H. Gleysteen, Executor
Presbyterian Mission
Erh Tiao Hutung
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Peiping

Peiping, China.

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Russia Has Secured Domination Over the Province of Sinkiang

BY PETER FLEMING

(In the London "Times")

THE part which the U.S.S.R. is playing in Chinese Central Asia is being played behind the scenes. Her activities are clandestine; they are publicly disavowed by Moscow and not more than barely suspected by the rest of the world. It is natural in human beings to fear the unknown, and, fearing it, to over-estimate its power, as well as its will, to harm. Anyone who works behind the scenes is de facto assumed to be working, with abnormal efficiency, on some deep-laid plan. This may be so with Russia; but in the Soviet Union, plans, however deep-laid, have a tendency to produce results surprising to all concerned, and a policy, directed by a highly centralized, half-trained bureaucracy and developing in the territory of a foreign Power, may be less darkly potent than its cloak of secrecy suggests. The present writer cannot conceal his suspicion that Russia does not really know what she is up to in Chinese Central Asia.

She has secured almost complete economic domination over a territory which is larger than France and parts of which are very rich. Sheng Shih-tsai and the Provincial Government at Urumchi are her puppets, and through them and through her agents she in effect exerts political control over more than four-fifths of Sinkiang. What more does she want?

Official Trade Returns

She has not, as a matter of fact, got very much, though it sounds a lot. Official trade returns, which show only monetary results, do not give a clear picture of the situation; the provincial and a substantial and increasing proportion of Soviet trade with Sinkiang takes place by a process of large-scale barter. Nevertheless, the official figures are interesting. They show that in 1933—the peak year—the volume of Russian trade with Sinkiang was just under 30,000,000 gold roubles; that in 1934 it had shrunk, presumably owing to the civil war, to a third of that figure; and that, even at its high 1933 level, the Sinkiang trade represented only 3.5 per cent of Russia's total foreign trade, as compared, for instance, with her Outer Mongolian trade, which is 10 per cent of her total foreign trade. Well-informed merchants in Kashgar put the real, as opposed to the monetary, annual volume of Soviet-Sinkiang trade at 50,000,000 rupees or 20,500,000 gold roubles.

The commodities with which Sinkiang supplies the U.S.S.R. —wool, hides, sheep, etc.—are useful but not indispensable. Moreover, the trade returns do not tell the whole story, or anything like it. Invisible exports are a large item in the accounts; they include the cost of maintaining two heavily staffed Consulates and several large trade agencies, as well as lavish expenditure on the manifold activities which come under the heading of "secret service." At the present moment there can be little doubt that Russia is spending a great deal more on Sinkiang than she is getting out of it.

It has been suggested—more loudly in Japan than elsewhere—that the people of Sinkiang will in the near future be seized with an uncontrollable desire to declare themselves an Autonomous Soviet Socialist Republic, and as such will be graciously accorded the privilege of affiliation to the U.S.S.R. This card would be an easy one to play, but does not at the moment look like a trump. The spreading of Communist doctrine does not appear to figure largely on the agenda of the powers that be in Chinese Central Asia; propaganda is not intensive, and except for a few co-operative shops and a "People's Council" there are few signs that the ground is being broken for Sovietization. Moreover, the wisdom of emerging, in however altruistic a guise, from behind the scenes is questionable at a time when the U.S.S.R. is wooing world opinion and the Soviet delegates at Geneva are all dress shirts and enlightenment. The Japanese in particular are highly suspicious of Soviet designs in a region towards which their own Mongolian ambitions are drawing them, and any overt consolidation of the Soviet position in Sinkiang might provoke Japan beyond endurance, which is the last thing Russia wants to do. By bringing her activities in Sinkiang to a head and publicly labelling the result with a hammer and sickle she would incur the responsibility of answering unpleasant questions at home without effectually increasing her power in Central Asia.

Nanking Confirms Governor

For the time being the present situation ought to suit Russia well enough. She can do, and does, almost as she likes in Sinkiang. The Nanking Government has confirmed Sheng Shih-tsai in office as Governor of the province; his most unconstitutional actions can incur no severer penalty than a series of telegraphic rebukes, and to these he has already shown himself blandly impervious. At a more opportune moment Nanking might reassert her authority over Sinkiang by military force; but the military energies of the Chinese Republic are monopolized by a running fight with the Communist armies, and under the pressure of Japan the Central Government has scant opportunity to devise and undertake an expensive "side-show" in the Central Asian deserts. It would seem that Russia's wisest course for the present is to go on cornering the trade and building roads behind the facade of a Provincial Government owing nominal allegiance to Nanking.

But a situation so unreal cannot endure indefinitely. What is the ultimate goal of Soviet policy in Sinkiang? In Tsarist days the bogy of a Russian military threat to India loomed large to the more romantically minded British statesmen. But even in the unthinkable event of the U.S.S.R. being minded to invade India it is apparent to all who know the Himalayan passes that they could be held indefinitely by a handful of men. Moreover, conditions on the two mountain routes between India and Sinkiang are such that the infiltration of undesirables for propaganda purposes can be checked without the slightest difficulty. Control of Sinkiang would, on the other hand, give the U.S.S.R. direct contact (for what it is worth) with the uninhabited 20,000 ft. uplands which form the North Tibetan frontier, and it would be possible for Buryat or Outer Mongolian agents to reach Lhasa with the Mongol pilgrim caravans which annually march southwards from the Tsaidam. But it is doubtful whether hot air would travel well at those icy altitudes, and anxiety to swell the serried ranks of gods at Lhasa with a few busts of Stalin can hardly be taken as a guilding motive in Soviet foreign policy.

No: it seems probable that the Kremlin's readaptation of the old Tsarist policy in Chinese Central Asia is less purely expansionist than the original. A clue to its nature is to be found in Japan's often expressed indignation at Russia's activities in Sinkiang. Russia, though her ultimate aims in that region may embrace more distant and ambitious objects, is at present jockeying for position vis-a-vis Japan. Japan's progress through Inner Mongolia is turning the flank of Outer Mongolia and will soon bring her influence up against the frontiers of Sinkiang. Strategically, Sinkiang is not of the first importance in a clash between Japan and Russia—unless of course it were controlled by the former; but the roads which are now being built to Russia's orders, the airfield at Urumchi, and perhaps eventually a railway connecting that city with the Turkish, will enhance its value in the event of war. Of far greater significance, however, is the fact that Sinkiang commands the main avenue into north-west China.

Communist Armies

The north-western provinces of China, though much more than nominally controlled by Nanking, are remote from her direct influence, and will be still further isolated by Japanese expansion into North China. With Sinkiang as a base, Communist doctrine in time of peace, and Soviet troops in time of war, could follow the old Imperial highway into Kansu. The Chinese Communist armies now operating in Szechwan and the Tibetan borderlands are reported to be making for Sinkiang. Such reports should be treated with reserve. Hungry and not certainly controllable hordes of soldiery, however staunch their Marxism, would not be welcome at the moment to the Soviet authorities in a province which is already over-militarized and where mutinies of unpaid troops are of regular occurence. Moscow does not want her stormy petrels to come home to roost; she would, one imagines, prefer to keep them elsewhere in Chinese territory and to resume, as opportunity arises, those supplies of arms and money which were interrupted in 1931. This might be done from Sinkiang.

Whether her object be mischief-making or self-defence (it is presumably, in the last analysis, both) the value of Sinkiang to Russia lies in its situation vis-a-vis north-west China.

Recurrence of Serious Rioting in Egypt

Serious rioting by students broke out again in several parts of Egypt Jan. 27 and 28. At Damanhour, 35 miles southwest of Alexandria, five students were wounded when the police fired on a group of demonstrators. A more serious clash occurred at Mansura, 38 miles northeast of Tanta, on the right bank of the Damietta arm of the Nile, where twelve students and fifteen police were injured. Nahas Pasha, leader of the Wafds, has broadcast a national appeal for calm.

In view of the prevailing tension, Egyptian infantry formed a cordon round the Kasr-el-Nil barracks during the memorial service for the late King George. In the riots which followed sixty students were wounded, ten seriously.

Owing to the Wafd's refusal to join the coalition Cabinet, King Fuad Jan. 27 entrusted Ali Pasha Maher, chief of the royal household, with the task of forming the new Egyptian Cabinet composed of neutral personalities.

Who's Who in China

宋其芳字德初
Soong Tet-cho (Sung Chi-fang)

Soong Tet Cho, Christian preacher; born at Ng Fah, Kwangtung in 1890; attended Lok Yuk School of the Basel Mission; joined Li Long Divinity College, in Po On, Kwangtung, graduated in 1918; teacher of Khen Tsin Girls' School and preached at the Basel Mission Long Kow Of 1918-21; then came to Kudat, B.N.B. as preacher and teacher of the S.P.G. Mission; transferred to Sandakan in 1926; deaconed in 1931: ordained priest in 1932; address: Priest-in-charge, St. James' Church, Kudat, B. N. Borneo.

宋其芳，廣東五華縣人，生于一八九〇年，自幼肄業於巴色教會樂育學校，一九一八年畢業於廣東寶安縣李浪神道大學，一九一九年至一九二一年於寶安縣浪口巴色教會虔貞女學校任教員兼傳道職，後到比般烏古達埠任聖公會教員兼傳道職。一九二六年調往山打根埠，一九三一年受會吏職，一九三二年受會長職，現任古達埠聖公雅各堂會長。

Italians Claim Ten Thousand Ethiopians Killed in One Week

Approximately 10,000 Ethiopians were killed in the bitter fighting last week along the Ganaledoria River, on the southern front, according to a despatch from Marshal Badoglio, Commander-in-Chief of the Italian forces in East Africa. The despatch stated that the casualties suffered by Italian officers and men were very small, while native units lost only several hundred killed and wounded. Two hundred Abyssinians were killed Jan. 26 at Malcamurri, 210 miles north of Dolo, during the course of a clash between a column of Black Shirts and Ethiopians commanded by a Greek, the despatch added. An enormous quantity of arms and ammunition was captured by the Italians, in addition to a high-powered wireless station.

You Cannot Defy Age But You Can Defer It.

A London paper recently reported that two elderly people had met their deaths through indulging in too violent exercise. In the first case a man of seventy was drowned whilst bathing, the other referred to a woman of seventy three who collapsed after playing tennis.

With advancing years the strain of physical exercise becomes greater, and wise is the man or woman who respects the limitations imposed thereby. Much may be done, however, to preserve youthful vigour by reasonable physical and mental activities and maintaining the blood in good condition.

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Men and Events

Frank H. Simonds, noted commentator on international affairs, died at his home in Geneva Jan. 23.

It was announced this week that the contemplated trip of T. V. Soong to West China has been definitely abandoned.

General Chu Ching-lan, has been slated for the post as chairman of the National Famine Relief Commission to succeed Hsu Shih-ying.

Increases in Chinese postage rates are scheduled to come into force Feb. 1, when the letter rate will revert to 25 cents and the newspaper rate to five cents.

Henry Barde, manager of *Havas* Far Eastern Services, departed for Japan Jan. 26. He will return to Shanghai in about one month.

Mr. and Mrs. Charles H. Raven returned to Shanghai this week from Japan, where Mr. Raven went meet to meet his wife on her return from the United States.

Plans are being considered by the Kiangning District authorities to turn the Tongshan Hot Springs and the Chi Hsia Hills in the suburbs of Nanking into summer resorts,.

Economic commentators in Tokyo Jan. 28 predicted that China would revert to the silver standard in April, because of the serious economic conditions confronting the country.

Because of the tightness of the monetary situation, the Hongkong & Shanghai Banking Corporation in Hongkong put $10,000,000 in new notes into circulation Jan. 23.

A considerable snowfall occurred in the Yangtsze Delta region, including Shanghai, on Chinese New Year's Day (Jan. 24). This was taken as a good omen by the Chinese populace.

Herr Ernst Schafer addressed the North China Branch of the Royal Asiatic Society on "The Natural History of Eastern Tibet" Jan. 30. The lecture was illustrated with lantern slides.

The annual meeting of Shanghai Ratepayers will be held in the Grand Theater, Bubbling Well Road, April 15. The Municipal Elections will be held March 23 and 24.

Messrs. Tsou Hsi-ku and Chang Te-tien, who were appointed in December Consul-General and Consul respectively at Novo Sibirsk, Soviet Russia, have in the meantime proceeded to their posts.

Nelson T. Johnson, American Ambassador to China, is due to arrive at Nanking from Peiping middle of February to pay his first official call on General Chang Chun, the new Minister of Foreign Affairs.

One of the latest additions to Shanghai's already crowded magazine field is *The Illustrated Week-End News*, a bilingual publication, of which E. K. Moy is editor. It is published every Saturday and is profusely illustrated.

The pupils of the Shanghai American School are busily engaged in preparing to present their annual operetta under the direction of Miss Bernice Austin. A chorus of 60 voices will be a feature. The operetta chosen this year is "Cinderella."

Richard E. Thompson, partner in the Manila brokerage firm of Cook and Thompson, was arrested in Shanghai Jan. 29 and held in bail of U.S.$10,000 on the basis of three Philippine Government complaints alleging embezzlement of more than $100,000.

Failing to secure permission from the French Municipal Council authorities, a series of lectures sponsored by the Chinese Y.M.C.A. scheduled to be held during this month at its offices on Boulevard de Montigny, relating to the Chinese National Emancipation Movement, has been cancelled.

Yasuzo Ikeda, Deputy Speaker of the Council of the Japanese Residents' Corporation of Shanghai, sailed for Japan Jan. 26 to seek a seat in the Lower Chamber under the Minseito colors. He was accompanied by Kanichi Kobayashi, a member of the Council, who will aid him in the campaign.

Three members of the editorial staff of E. P. Dutton & Co., Inc., New York publishers, resigned after refusing to accept Christmas gifts of $2.50 each. In the words of Merton St. Yewdale, editor in chief: "We declined the gift because it was an insult. It was too damn cheap, too damn low. It was an insult, not a gift."

Brooke Dolan, who recently made a tour of Tibet in his capacity as research worker for the Philadelphia Academy of Natural Sciences, sailed on his return to the United States Jan. 30 by the *s.s. Empress of Asia*, accompanied by Mrs. Dolan. His large collection of Tibetan big game and birds has been shipped *via* Panama.

Gen. Chang Fa-kwei, popularly known as the Ironsides Commander and newly appointed Commander of the bandit suppression forces along the Fukien, Kiangsi, Chekiang and Anhwei borders, was in Nanking this week seeking instructions from Gen. Chiang Kai-shek, President of the Executive Yuan, regarding military tactics against the remnant reds.

Lei Yun, the newly-appointed Counsellor to the Tientsin Municipal Government, was shot dead Jan. 22, while reading a newspaper in his bedroom at the Chung Kuo Hotel, in the French Concession. The murderer was an unknown Chinese, who drove up to the hotel in a motor car and rushed to Mr. Lei's bedroom, where he fired several shots and then made his escape.

The resignation of Tsao Yi from his post as head of the Tientsin Office of the Hopei Consolidated Tax Bureau has been accepted by the Ministry of Finance. Liu Tien-kwei has been appointed to succeed Mr. Tsao.

The Chungking *Shan Wu Jih Pao* of Jan. 7 stated that 50,000 men have been recruited by the local Government in Chienkiang for the construction of the highway between Hunan and Szechuan. The people in the district, who are forced to contribute $500,000 to the Government for the construction, are dissatisfied, because they have a already suffered much in the past years by reason of drought and floods.

The death occurred in Shanghai Jan. 28 of Mrs. Hunter Corbett, of the Presbyterian Mission in Chefoo. The late Mrs. Corbett was born in Cobourg, Ontario, Canada, on April 20, 1859. She came to China as the first nurse of the Canadian Presbyterian Mission. She married Dr. Hunter Corbett of the American Presbyterian Mission in 1889 and had made her home in Chefoo ever since. One son, Scott Corbett, of Portland, Oregon, survives her.

The Arnhold Trading Co., Ltd. (formed at the beginning of the year by H. E. Arnhold, chairman of the Shanghai Municipal Council, together with his brother C. H. Arnhold), to engage in the export of Chinese produce abroad, has signified its separation from the Sassoon interests, so far as this class of business is concerned, by moving its offices from Sassoon House to the old Arnhold Builing, which for many years housed all the Arnhold offices.

A bus carrying more than a score of passengers, while running on the Peicheng-Chinkiang highway Jan. 27 skidded on the ice at a bend in the road, overturned, and fell into a ditch About half of the passengers were injured, two seriously. The chauffeur sustained a broken leg. The accident was not discovered until the afternoon, when a Peicheng-bound private car from Chinkiang found the passengers stranded on the roadside. The injured were taken to Chinkiang for treatment.

Charged with malfeasance in office and offering bribery to a public official, John Harry Anderson, an unrecognized Swede, a Customs examiner, was convicted on the first charge and sentenced to five months' imprisonment and a fine of $1,000 by the First Special District Court in Shanghai Jan 22. In finding him guilty of the first charge, the Judge passed the sentences and ordered that a bribe of $5,000 given by Sun Uh-tsing should be confiscated.

Charles Mills, retired inspector of the Shanghai Municipal Police, was detained by the Yokohama harbor police for several days for inquiries in connection with the passing of several hundred dollars of alleged counterfeit China & South Seas Bank notes. Mrs. Mills and their daughter, Barbara, were also detained, but later released. Mr. Mills strenuously denied all knowledge that any banknotes he had in his possession were counterfeit.

An order calling for a strict examination of the records and services of public functionaries was issued by the Executive Yuan to the various Government organs Jan. 26. The order requires that two percent of the total staff of each organ who have shown poor records be eliminated by an annual examination and four per cent by a general examination. The inefficient officials are to be replaced by the successful candidates at the Civil Service Examinations.

The *Chen Pao*, one of the most popular and enterprising Chinese vernacular dailies in Shanghai, suspended during the Lunar New Year holidays. No reasons for the suspension were given by the Board of Directors of the paper who in an announcement printed in the *Hsiao Chen Pao*, "Little Morning Post," affiliated with the *Chen Pao*, merely said that the *Chen Pao* had suspended publication. Both the *Hsiao Chen Pao* and the *Hsin Yeh Pao*, which is the evening edition of the *Chen Pao*, are publishing as usual.

S.M.R. Joint Concern President Arrives in Shanghai to Open Offices

A telegram from Tokyo Jan. 25 stated that Shinji Sogo, President of the Yen 10,000,000 Hsinchung Kungsu, which will engage in the economic development of North China, would depart from the Japanese capital for China during this week to establish branch offices of the company in Shanghai, Tsingtao, Tsinan and Tientsin. Said firm has been jointly established by the South Manchuria Railway Company and leading Japanese investment and industrial houses, with the support of the Kwantung Army. Mr. Sogo was formerly a director of the S.M.R.

Ariyoshi Makes Farewell Call on Chang Chun, Foreign Minister

Prospects for the holding of a conference in Nanking to settle various outstanding Sino-Japanese issues were reviewed for the last time between Akira Arivoshi, Japanese Ambassador, and Gen. Chang Chun, Chinese Foreign Minister, in a 1½ hour interview at the Waichiaopu in Nanking Jan. 29. Mr. Arivoshi is scheduled to leave Shanghai on Feb. 8 to be replaced by Hachiro Arita, former Japanese envoy to Brussels.

Ministry of Finance Acts to Prevent Chinese Bond Manipulations

Following reports of manipulations of Chinese bonds by unscrupulous speculators, the Ministry of Finance Jan. 26 issued orders to the Stock Exchange, the Central Bank, the Bank of China and the Bank of Communications with a view to remedying the situation. In the order to the Stock Exchange, it was stated that with a view to investigating thoroughly the real situation on the exchange, all transactions in domestic bonds for January shall be settled by actual delivery and no changeover shall be allowed. The exchange was ordered to submit a detailed report to the Minister of Finance.

The order to the three banks stated that all Chinese domestic bonds in their possession shall be sealed to await official examination by appointees of the ministry together with representatives of the banks. Before a detailed report is made to the ministry, and permission obtained therefor, the bonds shall not be removed or used in any manner whatsoever by the three banks.

General Chiang Declares Financial and Economic Foundation of Country Is Stable

Lashing out at the reactionary elements who are attempting to sabotage the Government's economic and financial policies, General Chiang Kai-shek, speaking at the weekly memorial service at Central Party Headquarters in Nanking Jan. 28, said *inter alia*: "To-day I can directly tell my comrades that the financial and economic foundation of the country is already stable. If we continue our efforts in this direction and struggle unitedly despite hardships, nobody will be able to shake the Revolutionary foundation of the Chinese Government."

$120,000,000 Loan for Central China Railways

In order to construct trunk railway lines linking up the provinces of Hunan, Kweichow, Szechuan and Kwangsi and to subsidize the extension of the Peiping-Suiyuan, Chengting-Taiyuan and Kiaochow-Tsinan Railway lines, the Ministries of Finance and Railways will be authorized by the Central Government to jointly float a Railway Construction Loan to the amount of $120,000,000. A decision to said effect was reached at a meeting of the Executive Yuan Jan 22 in accordance with the joint petition of Dr. H. H. Kung, Minister of Finance, and Chang Kia-ngau, Minister of Railways.

Three Provinces Linked by Telephone Lines

The newly installed long-distance telephone trunk lines linking Nanchang in Kiangsi with Changsha in Hunan and Yushan in Chekiang and Tayu in southern Kiangsi are to be inaugurated in the near future.

Another New Highway in Shensi

The Sian-Chingtsekwan will open for traffic during February. The new highway, which is about 200 kilometers in length, links the Shensi capital with the borders of Honan and Hupeh Provinces. Chingtsekwan is situated on the Honan-Shensi border adjoining Hupeh province.

Shansi Railway Makes Record Profit in 1935

The total receipts of the Chengting-Taiyuan Railway during the ten months between January and October, 1935, amounted to over $6,600,000, breaking all records for the past decade. A report to this effect has been received by the Ministry of Railways from the Railway Administration.

China Shows Sympathy on Occasion of King George's Death

The banks in Shanghai were closed for several hours during Jan. 28, on the occasion of the funeral of the late King George V. Services were held in the Cathedral and the Ohel Rachel Synagogue in memory of the late Sovereign.

An impressive memorial service for the late King was held at Nanking at the new British Embassy. It was attended by practically the entire Cabinet, foreign diplomats and other outstanding Chinese leaders. Gen. Chiang Kai-shek, dressed in Chinese clothes, arrived early. He occupied a chair in the front of the room in which the service was held.

Quo Tai-chi, Chinese Ambassador to the Court of St. James, returned to London Jan. 26 after having attended a meeting of the League's Council Composition Committee which met to consider China's request for a special Council seat last week. Mr. Quo attended the funeral Jan. 28 of the late King George on behalf of Lin Sen, Chairman of the Chinese National Government.

King Edward Thanks Chinese People

President Lin Sen was among those who sent a message of condolence to the Prince of Wales (now King Edward VIII).

King Edward VIII Jan. 27 sent a cable message to President Lin Sen expressing thanks for the sympathy shown by the Chinese Government and the people of China on the death of King George V. The message reads:—

"I thank you most sincerely for the sympathy which you have been so good as to express to me in the name of the National Government and people of China on the grievous loss which I and my family and the nation have sustained: Edward R. I."

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New Books of Interest in the Far East

As a Communist Sees Central Asia

Dawn over Samarkand : the Rebirth of Central Asia, by Joshua Kunitz. New York : Covici Friede, Publishers, 1935. 348 *pages*. G.$3.00.

Studying Central Asia today one meets with active living changes taking place, and not with the passive somnolent characteristics for which this area has been known in recent centuries. "The anciently entrenched oriental feudalism is being shattered by the vast sweep of modernity, by industrialization, electricity, collectivization, science." In no way does the author of Dawn over Samarkand show this great change more effectively than in his frequent use of the so-called "songs of wonderment," a new genre of folk poetry which has evolved within the past few years among the Tadjiks and Uzbeks.

"Do you hear the happy shouting, Tadjikistan ?
Your glorious day has come, Tadjikistan.

Your day has come. Your day of joy has come,
My wild, rocky, young Tadjikistan.

One of a mighty family of peoples,
Your chains are smashed, my land Tadjikistan.

For centuries enslaved, now your own master,
Your former rulers gone, Tadjikistan.

To the peoples of the East your key has opened
The doors to a new life, O great Tadjikistan."

The title is used not for ancient Samarkand alone, but for the countries which lie at the gateway to Central Asia—Tadjikistan, Uzbekistan, Turcmanistan and the Kirghiz Republic. Here are the northern entrances to Persia, Afghanistan, India and Chinese Turkestan. Neither Lenin nor Stalin has minimized the importance of this area in the development of world communism. Lenin described the establishment of correct relations in this area as a matter "of colossal universal-historical significance," underlying the attitude of the whole of Asia and all colonial peoples of the world.

To many people the question of national cultures within the Soviet Union is a problem which has not yet been wisely solved. The matter certainly is not so simple as the author of this book would have one believe. Lenin himself said, "that national and state distinctions between peoples and countries . . . will exist for a very long time even after the establishment of the dictatorship of the proletariat on a world scale." Here in Central Asia there seems to be a very definite sense of national division. When Uzbekistan and Turcmanistan in 1924 and Tajikistan in 1929 entered the Union, they did so as allied republics. The emphasis given by the communist workers is that the culture shall be proletarian in content and national in form. Throughout the book one gets the feeling that in the long run the new psychology brought by the tractors, the new education, the improved agricultural conditions, the introduction of industrialization will make the national emphasis secondary and subservient to the proletarian emphasis.

Wherever there is a transitional stage brought in by force one may expect the most startling contrasts of happiness and misery. These contrasts are only too violent in the Central Asia area. To build a Marxian state upon conditions of feudalism invites to cruelty, violence and horror. The movement has met the bitter antagonism of the beys and mullahs who see in changed conditions the end of their power. The terrorism of the Dasmachi, or the brigand movement, especially in Turkestan, centered in an attempt to overthrow the soviet government, has attracted to itself the liberals, the middle-class peasants and all dissatisfied elements. The achievement of freedom of women from the old Moslem seclusion has been made in many instances at fearful cost.

There is no pretense of neutrality in this book; the heading of one section "Perfidious Albion" gives the clue to Mr. Kunitz's feeling against the non-communist world. Unless one is a communist himself, he would like to see the other side of the picture in Central Asia. That there is another side one may be certain.

It is unfortunate that there is no index nor an adequate map to this book. The book contains much information that the reader would wish to find again, but no help is offered him in this regard.

F. M. R.

Booklet Describes Aims and Activities of Yenching School of Journalism

A comprehensive and up-to-date account and interpretation of the aims and activities of the Department of Journalism of Yenching University, generally regarded as the leading institution for journalistic education in China, is given to the public in the form of an attractively-illustrated brochure which has just been issued. The booklet begins with a preface by Prof. Hubert S. Liang, chairman of the Department, setting forth the objectives of the Department.

In tracing the history of the Department the booklet relates that it had its beginning in 1923. On account of insufficient financial support, however, the work had to be suspended in 1927 and it was not until 1929 that the work was reorganized and a full-fledged department was established with the cooperation of the Missouri School of Journalism which was brought about through the efforts of Prof. Vernon Nash.

The courses offered by the Department of Journalism according, to the booklet, are divided into four groups as follows :

1. Professional courses including General Introduction to Journalism, Applied Publicity, Advertising, Reporting, News Writing and Editing, Editorial Writing, Correspondence, Feature Writing and Problems of the Publishers.
2. Required courses of languages, Chinese, English and other foreign languages.
3. Supplementary courses in political and social sciences.
4. Elective courses.

On the faculty of the Department are Prof. Hubert S. Liang, Prof. Vernon Nash, Chen Po-shen, Dr. T. T. Lew, Edgar Snow, H. J. Timperley, Dr. Rudolph Lowenthal, Chiang Ying-en and Hsieh Yu-lan. Mrs. Sarah Lockwood Williams, wife of the late Dean Walter Williams, will join the Yenching Journalism faculty this coming semester as visiting professor. Mrs. Williams taught for several years at Missouri School of Journalism and has had considerable newspaper experience.

Commemoration Volume Notes Golden Jubilee of Methodist Episcopal Church South

The golden jubilee (1886-1935) of the China Annual Conference of the Methodist Episcopal Church, South, is recorded in a commemoration volume published from 10 Young Allen Court, Shanghai. In the words of Bishop Arthur J. Moore, in a "foreword,"the M. E. Church, South, has a long and honorable history in China; Methodism in China has helped to produce a modern school system, built modern hospitals with highly trained physicians and skilled nurses, given aid to every moral and social reform, fought every form of vice, restored sight to the blind, and given consolation to those whose hearts were bruised. The commemoration volume comprises 136 pages, profusely illustrated. Articles by Y. C. Yang, Z. T. Kaung and J. H. H. Breckman, described the past, present and future of Methodist work in China. The list of contributors comprises Mrs. J. W. Lambuth, Mrs. W. H. Park, Wesley M. Smith, Virginia M. Atkinson, Lelia Judson Tuttle, Katherine Paty, W. B. Nance, Hubert L. Sone, J. W. Cline, S. R. Anderson, Olive L. Anderson, R. T. Henry, Mary Culler White, Z. S. Zia, D. D. Lee, Wm. F. Quillian, Eunice V. Jones, Mary O. Holler, Anne Herbert and Jean Craig.

Famous China Aviatrix Returns to Land of Her Fathers

(*From the China Press*)

A comely lady of twenty-three, who in private life is Mrs. Cheng Pai-fong and the mother of two children, has returned to the shores of her fatherland. With her, she has brought back an envious record of more than one hundred hours of flying and one year's rigorous training in the famous Boeing School of Aeronautics in Oakland. It is within the memory of this generation that the proper thing for the Chinese ladies to do was to stay home. During the last twenty-five years, they have gradually come out to assume the responsibilities which society imposes on all its members, irrespective of sex. In industry, commerce, and education; in medical and other professions; in governmental offices, and in politics, they have by now achieved an established position. Their progress within such a brief period is indeed amazing. In the field of aviation, however, there are yet few who aspire to become China's Army Johnsons. Among these few, the winsome, courageous, and determined Miss Ya-ching Lee stands out dazzlingly prominent. An expert blind-flier and stunter, member of the Caterpillar Club, "Ya-ching" miraculously escaped drowning when she was thrown out of a barrel-rolling plane at an altitude of 2000 feet into the San Francisco bay where she had to keep afloat for twenty minutes before help arrived. Only her presence of mind taught her to pull the rip-cord of the parachute which she had never used before. She came out of the accident without a scratch; not the least disturbed or unnerved, she continued to pursue her flying career.

Flood Waters in West Shantung Now Receding

Fear of another major flood catastrophe in western Shantung has been happily dispelled. The flood waters of the Yellow River from the breached dykes at Tungchuang near Chuancheng, are now reported to be receding to the regular course of the river at Huanghuaszu. As the current has also slowed down, the strain on the southern embankments has relaxed. According to a telegram early this week from Kung Hsiang-yung, Chairman of the Yellow River Conservancy Board, the hydraulic engineering work at the Kiangsu Dyke, in western Shantung, has been effective in diverting the flood waters. Taking advantage of the situation, every effort is being made to recruit laborers for the opening of a tributary at Lishengtun so that the affected areas may be drained in time for the spring sowing.

Shanghai Exports Rise—Imports Drop

Shanghai's total exports abroad increased in 1935 while her total imports dropped, reducing the port's adverse balance of trade in 1934 of $324,495,058 to $216,743,722, according to the Shanghai Monthly Returns of Foreign Trade published by the Customs. Shanghai continues to lead all other ports in the trade of China as the following figures will show:

	1934 *Imports*	1934 *Exports*
China	$1,029,665,224	535,214,279
Shanghai	596,440,161	271,945,103
	1935 *Imports*	**1935** *Exports*
China	$919,211,322	575,809,060
Shanghai	505,194,859	288,721,103

Thus in 1935, 54.90 per cent of all goods imported into China passed through Shanghai, while 50.14 per cent of the goods exported from China passed through the city. Tientsin is a poor second with 9.24 and 15.82 per cent of totals for imports and exports respectively.

Shanghai's total exports abroad in 1935 were valued $288,721,137 as compared with a total of $271,945,103 in 1934.

United States Was Principal Buyer of Chinese Products in 1935

China's total net imports and exports decreased from $1,564,879,503 in 1934 to $1,495,020,382 in 1935, according to the Monthly Returns of Foreign Trade for December, 1935, issued by the Customs.

Total trade statistics are shown in the following table:

	1934
Net Imports	$1,029,665,224
Net Exports	535,214,279
Total Net Imports and Exports ...	1,564,879,503
Excess of Imports	494,450,945
	1935
Net Imports	$ 919,211,322
Net Exports	575,809,060
Total Net Imports and Exports ...	1,495,020,382
Excess of Imports	343,402,262

The figures for exports during 1935 covering the four principal receiving areas are: U.S. $136,410,000; Hongkong, $94,893,000; Japan, $82,059,000; Great Britain, 49,463,000.

U.S. Buys Heavily of Chinese Silk

Shanghai's exports of raw silk in 1935 more than doubled those of 1934, according to figures the Raw Silk Testing Department.

Shanghai's total raw silk exports during the past four years (figures in bales) were as follows:

1932	1933	1934	1935
40,513	43,894	23,708	55,007

Of the exports, the destinations were as follows:

	1932	1933	1934	1935
Europe ...	14,763	17,880	10,234	21,364
America ...	10,285	16,082	5,255	24,538
Asia ...	15,465	9,932	8,219	9,105
Totals ...	40,513	43,894	23,708	55,007

American imports in the past year jumped almost 500 per cent, European imports almost doubled.

Twenty-one Alleged Spies on Trial at Habarovsk

The trial commenced in Habarovsk Jan. 26 of 21 alleged spies accused of operating in Soviet Far Eastern territory under the orders of the military mission of a foreign government. It is stated that the majority of the accused entered Soviet territory in August, September and October last year and attempted to establish espionage agencies in Ussurisk and the Maritime Provinces. They are alleged to have received arms and money from certain persons in Sanchiakow. One of the leading accused is an immigrant named Semyona, He is alleged to be a prominent member of a White Russian organization in Harbin.

Paul E. Naggier Is Appointed French Minister to China

The Council of Ministers in Paris Jan. 22 appointed M. Paul E. Naggier, former French Minister to Czechoslovakia and Yugoslavia, as Ambassador to China. M. Naggier is well-known in China, having been acting Consul-General in Shanghai from 1915 to 1917, and Consul-General from 1925 to 1927.

Dr. Wellington Koo, Chinese Minister to France, will be promoted to ambassador by the Chinese Government.

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January, 1936

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Japanese Army Losses in Manchuria Show Increase

Casualties among Japanese officers and soldiers stationed in Manchukuo during 1935 totalled 946, an increase of more than 100 in comprison with the preceding year, the Tokyo War Office revealed Jan. 25. Killed in action or dead as a result of wounds received in combat were 364 men, while those who died from illness totalled 582. This represents an average of three a day. Casualties since the outbreak of the Manchurian Incident on Sept. 18, 1931, now amount to 5,277, whereof 3,591 were killed in action and the remainder, 1,686, died from illness, statistics showed.

In this connection the Shanghai *Evening Post* commented:—"Three men dead a day; it isn't much, perhaps, from the viewpoint of those in comfortable Tokyo offices. These worthies can take a 'long-range view.' They know little and care less as to how it feels to be the target of shots from the kaoliang fields, to wince under the bite of bitterest cold in never-ending campaign conditions, to succumb to illness in a strange land. They proclaim themselves the friends and allies of Japan's great agrarian population but what can they know of the agony of a poor farmer family which has just learned that its eldest son has been 'killed in action' when nobody even knew there was a war? These things are mere items in the price of empire. Yet they bring home forcibly that Japan's 'life-line' is itself being bought with lives."

Manchurian and North Korean Railways to Be Placed Under Single Control

Domei states that the railways in Manchukuo and North Chosen will be placed under a unified control beginning April 1 if plans now before the Manchurian Affairs Bureau of the Japanese Cabinet are approved. Merged into one administrative unit would be the South Manchuria Railway and its branch lines; the extensive Manchukuo State Railways network; and the branch lines jutting out of Manchukuo into North Korea to tap the ports of Rashin, Yuki and Seishin.

The project has been approved by the officials of the Japanese Kwantung Army; the Kwantung Bureau, administrative branch of the Japanese Embassy in Manchukuo; the South Manchuria Railway Co. and the Directorate-General of Manchukuo State Railways.

Large savings are expected to be achieved in operating and other overhead expenses by the merger. The new office, which will probably be named the General Railway Bureau, will be established in Mukden.

Manchukuo to Take Part in World Transit Meet

Manchukuo will be represented at the ninth world transit conference, opening on March 10 in Warsaw, a Tokyo message Jan. 25 stated.

Population of Manchukuo is Estimated at 33,000,000

The population of Manchukuo increased by more than 3,000,000 in the past three years, according to figures received in Dairen from Hsinking. An early tabulation of data gathered by the Government of Manchukuo discloses that the present population of the country is 32,869,054, a gain of 3,262,937 persons over the total for December 31, 1932 when the first official Manchukuo census was taken and an increase of 1,963,645 over Dec. 31, 1934.

Japanese Threaten to End Deadlocked Conversations on Fisheries

A threat to terminate the current Soviet-Japanese negotiations for the revision of the Fisheries Convention between the two countries unless Moscow accepted Nippon's "minimum proposals" was voiced by officials of the Ministry of Agriculture and Forestry in Tokyo Jan. 25. Japan's demands, as given by the officials of the Ministry, include:

1.—Abolition of the system of auctioning fishing lots;

2.—Retention by Japanese interests of the lots now exploited;

3.—Prohibition of fishing in areas reserved for conservation purposes.

Japanese messages stated that the failure of the Moscow negotiations will not affect this year's fishing, inasmuch as fishing lots have already been allotted and contracts for their exploitation concluded between Japanese fishing interests and the Soviet Government. The non-existence of an agreement, however, would dislocate fishing activities in Soviet territorial waters next year. The Ministry of Agriculture and Forestry supervises the activities of Japanese fisheries enterprises in Soviet waters under the terms of the Portsmouth Treaty of 1905, which were confirmed by the Peking agreement under which Japan recognized the Communist regime in Moscow.

The Japanese representatives are seeking the abolition of the auctioning system, equality of treatment between the Japanese fishermen and Soviet state enterprises, and a slash in the official exchange rate from 37 to ten sen per rouble. The Soviet-Japanese Fisheries convention concluded in 1932, expired on May 27, 1935.

A deadlock in the negotiations was reported to the Foreign Office last week by Tamekichi Ohta, Ambassador to Moscow.

Little hope for an early solution of the impasse confronting the Soviet-Japanese negotiations for the revision of the Fisheries Convention between the two countries is held by Mr. Ohta, according to a dispatch received by the Tokyo Foreign Office Jan. 27.

Huge Airport for Japan Is Expected to Be Ready June Next

Destined to become the busiest air traffic center in Japan, the large new airport at Fukuoka will be inaugurated in June, officials in charge announced Jan. 25. The field, which is located 16 kilometres from the city limits, has been planned to provide the hub of various commercial airlines that will radiate to Manchukuo, Korea, Formosa and eventually to China and other parts of Asia. Provisions have been made to accommodate both sea and land aircraft, with hangars, special administration buildings, a customs shed, a weather bureau and night landing lighting facilities.

Six Killed in Air Collision at Honolulu

One officer and five soldiers, were killed Jan. 25 when two United States army bombers collided in mid-air during a training flight above the Pearl Harbor airdrome, Honolulu, causing a simultaneous explosion of their gas tanks. Another officer and several soldiers were injured when they jumped to safety with their parachutes. The others met death when their plane crashed following the collision.

Zeppelin to Use U.S. Air Bases

The U.S. Government has authorized the use of air bases at Lakehurst, New Jersey, and Miami, Florida, by the German Zeppelin Z-129, according to an announcement made Jan. 23 by Secretary of Navy Swanson.

British Flying Boats Will Visit China and Japan

Three British flying boats will leave Singapore on Feb. 10 and are due to arrive in Shanghai on Feb. 20. From here they will fly to Lake Kasumigaura, where they are due Feb. 25, and after a few days' stay in the Island Empire they will return to Singapore, via Shanghai, returning to their base on March 10. The cruise is being made through the courtesy of the Chinese and the Japanese Governments. It will open a new chapter in aviation history in the Far East for not only are these the first British flying boats ever to visit this part of the world but they are among the largest of this type of craft to be seen here. They are of the Singapore III type, belong to the No. 205 Flying Boat Squadron stationed at Singapore, and will be commanded by Wing-Commander C. L. Scott, although Air Commodore Sydney Smith will accompany them on their cruise.

Macao Selected as Terminus for "Clipper" Service

Macao has been definitely selected for the Oriental terminus of the trans-Pacific air service. H. M. Bixby, a Vice-President of the Pan-American Airways and C.N.A.C. Director, departed from Shanghai for Canton by plane this week to arrange for the completion of the clipper service hook-up between China and the Far East. Macao is a Portuguese colony and offers the best operating conditions of any place along the China Coast.

Customs Report Shows $68,730,603 Worth of Silver Was Sent Abroad in 1935

During the year 1935 some $68,730,603 in silver was exported from China to foreign countries, including $33,178,579 worth of silver bars (5,912,187 hectogrammes), $34,699,539 in Chinese Silver Dollars (31,435,963 pieces), but not including bank-notes, face value Chinese $1,679,700, HK$320,100, and Yen 350,000. Some $67,530,419 of this was exported during December, 1935, to the U.S.A.

These figures have been released in the Shanghai Monthly Returns of Foreign Trade for December, 1935, issued by the Chinese Maritime Customs.

Children's Colds, A Wise Precaution.

When a child shows signs of a cold, starts sneezing, has red eyes, and a running nose, prompt attention should be given, for neglect of a cold may lead to serious consequences. The first step in curing a cold is to remove all congestion of the system, and for infants and young children there is no better way of doing this than by giving a dose of Baby's Own Tablets.

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The National City Bank of New York, Rates of Exchange

Shanghai, January 29, 1936

Demand selling rate on America:	U.S.$1.00 = Sh. $ 3.36
Demand buying rate on America:	U.S.$1.00 = Sh. $ 3.31
Demand selling rate on London:	£1.0.0 = Sh. $16.80
Demand buying rate on London:	£1.0.0 = Sh. $16.55

Latest New York Stock Exchange Quotations

January 29, 1936

Stock Exchange— Business Done:-

Total Volume: 2,290,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale Jan. 27	Last Sale Jan. 28
12	4¼	0.10	Adams Express	12	12
149⅝	110	4.00	American Can	126½	125¼
35½	20¼	0.40	Amer. Cyanamid "B"	34	34⅝
9¼	2	—	American & For. Power	8¾	8⅝
42	14	—	American & Foreign Pwr. $7 pfd.	40½	40
27¼	10½	—	American Radiator	26	24⅞
162¼	98⅞	9.00	American Tel. & Tel.	162¼	161
107	74⅜	5.00	American Tobacco "B"	102½	102
23⅜	7⅛	—	American Waterworks	22⅞	23
30⅜	8	—	Anaconda Copper	30¼	30⅞
71¾	35⅝	2.00	Atchison, T. & S. Fe	70½	72½
45¼	15	—	Auburn	43	41½
18⅜	7¼	—	Baltimore & Ohio	17⅝	17⅝
51⅞	21⅝	—	Bethlehem Steel	52¼	51⅝
25⅜	6½	—	Boeing Airplane Co.,	25⅝	25¼
18⅜	8⅝	—	Canadian Pacific Railway	12¾	12⅜
111¼	45⅜	—	Case, J. I.	106¾	09⅜
47⅞	20¼	1.40	Chase National Bank	43¾	143¼
67	36	3.00	Chesapeake Corp.	65½	66¼
56⅛	37⅛	2.80	Chesapeake & Ohio	56¼	57⅛
93½	31	3.00	Chrysler	87⅜	87
15⅜	3⅜	0.20	Columbia Gas & Electric	15¼	15⅜
23⅞	16½	0.60	Coml. Solvents	21⅜	20⅞
4	0⅜	—	Commonwealth & Southern (ord.)	4	4⅛
34⅜	15⅞	1.00	Consolidated Gas of N. Y.	33⅜	33⅜
13¼	6¼	0.25	Consolidated Oil	13¼	13¼
37⅜	15⅛	87½	Continental Oil	36⅜	36⅜
73⅜	60	3.00	Corn Products	72½	71½
69¼	17½	0.75	Douglas Aircraft	69¼	69⅜
146¼	86⅜	3.60	Du Pont de Nemours	144⅜	144⅞
20⅜	3¼	—	Electric Bond & Share	18⅜	19
40⅞	20½	0.80	General Electric	38⅛	38⅞
37¼	30	1.80	General Foods	34⅞	35
59¼	26⅝	2.00	General Motors	56⅜	57
48¼	15⅝	1.00	General Railway Signal	48¼	48⅜
22	14⅜	1.20	Gold Dust	20	19⅝
26⅞	15⅜	—	Goodyear Tire & Rubber	24⅝	24⅝
73	44	1.00	Humble Oil	73	71⅞
49	22¼	1.00	International Nickel	49	48⅝
17⅜	5⅜	—	International Tel. & Tel	17⅜	17⅝
33⅛	13⅜	0.80	Kennecott	33¼	33
55¼	31¼	2.00	Loew's Inc.	52⅜	52⅛
26⅛	18½	1.20	Lorillard	26	25⅝
96½	55	1.00	Monsanto Chemical	95	96
40⅞	21⅜	—	Montgomery Ward	37⅜	36⅞
41⅞	18½	1.00	National City Bank	38⅛	38⅝
23¼	12⅜	1.20	National Dairy Prods.	23	23
34½	23⅛	2.00	National Distillers	29½	29½
14⅜	4⅜	0.60	National Power & Lt.	12¼	12⅝
31⅜	12¼	0.10	New York Central	31⅜	31⅞
29¼	9	1.00	North American	28⅞	29½
34⅜	13¼	1.50	Pacific Gas & Electric	34⅜	34⅜
56	19	2.40	Pacific Lighting	54	53⅝
8¼	3½	—	Packard Motors	7⅞	7⅝
35½	17¼	1.00	Pennsylvania Railroad	35¼	35⅝
42	18⅜	1.00	Phillips Petroleum	42	42½
48¼	20⅜	2.40	Public Serv. of N.J.	46¼	46½
14½	4	—	Radio Corporation	12⅞	13
58⅜	43¼	3.00	Reynolds Tobacco "B"	58¼	58⅜
56¼	22	—	Schenley	50¼	48¼
69⅞	31	2.00	Sears Roebuck	63	63½
16½	10⅝	0.30	Socony-Vacuum	16¼	16⅜
28¼	10⅝	1.50	Southern California Edison	27⅝	27¼
28¼	12⅜	—	Southern Pacific	28	27¼
19¼	12¼	0.80	Standard Brands	16¼	16
9¼	1½	—	Standard Gas & Electric	8⅞	8⅜
56	35⅜	1.00	Standard Oil Co. of N. J	56	56
68	58⅜	3.80	Sterling Products	65½	65⅜
38	28⅜	2.00	Texas Gulf Sulphur	38	37¾
14	4⅞	0.30	Transamerica	12⅜	12⅜
75⅜	44	2.00	Union Carbide & Carbon	73⅞	73⅜
120⅜	82¼	6.00	Union Pacific	120	121
30¼	9⅞	—	United Aircraft (New)	28⅜	28⅜
16½	4½	—	United Airline Trans.	16½	15⅞
8¼	1½	—	United Corporation	8	8¼
19¼	9¼	1.00	United Gas Improvement	18⅞	19
50⅜	35¼	2.00	U.S. Indus. Alcohol	43⅜	42½
18¼	9½	—	U. S. Rubber	18⅜	18⅛
50⅜	27½	—	U. S. Steel	48	47¾
24	11¼	—	Vanadium	23⅜	23¼
11⅜	2¼	—	Warner Bros. Pictures	11⅜	12
109½	32⅜	1.00	Westinghouse Electric	109½	109½

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